ISSN 0381-2375

public accounts 1982-83

volume 2 – financial statements of crown corporations boards commissions

ONTARIO

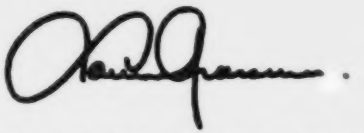
PUBLISHED BY THE MINISTRY OF TREASURY AND ECONOMICS

Printed by Alan Gordon, Queen's Printer for Ontario

I am pleased to present this volume, which contains financial statements of selected crown corporations, boards and commissions, as a supplement to the 1982-83 Public Accounts of the Province of Ontario.

To assist readers, the organization and content of the Public Accounts is described in A Guide to Public Accounts on page 7 of this volume.

Comments or queries will be welcome and should be directed to the Financial Information and Accounting Policy Branch, Office of the Treasury, Ministry of Treasury and Economics.



HONOURABLE LARRY GROSSMAN, Q.C.
Treasurer of Ontario and
Minister of Economics

Toronto, December, 1983

MINISTERIAL RESPONSIBILITY FOR CROWN CORPORATIONS, BOARDS AND COMMISSIONS

Minister of Agriculture and Food
- The Crop Insurance Commission of Ontario
- Farm Income Stabilization Commission of Ontario
- The Ontario Junior Farmer Establishment Loan Corporation

Attorney General
- The Accountant of the Supreme Court of Ontario
- The Public Trustee of the Province of Ontario

Minister of Citzenship and Culture
- Ontario Lottery Corporation

Minister of Consumer and Commercial Relations
- Liquor Control Board of Ontario

Minister of Education
- Ontario Educational Services Corporation
- Teachers' Superannuation Fund

Minister of Energy
- Ontario Energy Corporation
- Ontario Hydro

Minister of the Environment
- Ontario Waste Management Corporations

Minister of Industry and Trade
- The Development Corporations (combined)
- Ontario Development Corporation
- Northern Ontario Development Corporation
- Eastern Ontario Development Corporation
- Ontario Place Corporation

Minister of Labour
- Workers' Compensation Board

Minister of Municipal Affairs and Housing
- Ontario Housing Corporation
- Ontario Land Corporation

Minister of Natural Resources
- Algonquin Forestry Authority
- The Niagara Parks Commission

Minister of Northern Affairs
- Ontario Northland Transportation Commission

Minister of Transportation and Communications
- Toronto Area Transit Operating Authority
- Urban Transportation Development Corporation Ltd.

Treasurer of Ontario
- The Ontario Education Capital Aid Corporation
- The Ontario Municipal Improvement Corporation
- The Ontario Universities Capital Aid Corporation

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A GUIDE TO PUBLIC ACCOUNTS

1. SCOPE OF THE PUBLIC ACCOUNTS

   The 1982-83 Public Accounts of the Province of Ontario comprise three volumes:

   Volume 1 contains the financial statements of the Province and schedules of supporting information.

   Volume 2, a supplementary volume, contains the financial statements of those provincial crown corporations, boards and commissions in which the Province has an investment or which have borrowed from the Province or from others with a guarantee by the Province. Also included are selected agencies and certain significant operational agencies which are funded in whole or in part by revenues generated from their operations.

   Volume 3, also a supplementary volume, contains the details of expenditures required by the Standing Public Accounts Committee.

2. A GUIDE TO VOLUME 2 OF PUBLIC ACCOUNTS

   The financial statements of the selected crown corporations, boards and commissions are for fiscal periods ending within the Province's own fiscal period April 1, 1982 to March 31, 1983. They are presented in the same detail as the approved, audited financial statements and as nearly as possible in the same form. The statements have been presented alphabetically as shown in the Table of Contents. In addition, a listing is provided which groups the crown corporations, boards and commissions by ministerial responsibility.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Balance Sheet as at March 31, 1983

ASSETS	1983	1982
INVESTMENTS, at cost (market value 1983 $173,807,006; 1982 $124,015,803) (Schedule 1)	$190,968,980	$180,521,764

LIABILITIES AND CAPITAL RESERVE

LIABILITIES		
Bank indebtedness	$ 553,006	$ 945,135
Funds paid into court re suits and matters	182,975,842	167,594,192
The Land Titles Assurance Fund (note 2)	1,248,695	923,132
The Certification of Titles Assurance Fund (note 2)		964,737
The Land Titles Survey Fund	444,042	462,533
Suitors' suspense (note 3)	2,123,053	2,042,003
Other accrued liabilities	183,020	173,644
	187,527,658	172,145,376
CAPITAL RESERVE	3,440,980	8,376,388
	$190,968,980	$180,521,764

See accompanying schedule and notes to financial statements.

Approved

The Accountant of the Supreme Court of Ontario

To The Accountant of the Supreme Court of Ontario and to the Attorney General

I have examined the balance sheet of The Accountant of the Supreme Court of Ontario as at March 31, 1983 and the statement of income and capital reserve for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The Accountant of the Supreme Court of Ontario as at March 31, 1983 and the results of operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to The Accountant of the Supreme Court of Ontario and to the Attorney General.

Toronto, Ontario,
July 22, 1983

D. F. Archer, F.C.A.,
Provincial Auditor

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Statement of Income and Capital Reserve
Year ended March 31, 1983

	1983	1982
INCOME		
Interest	$18,952,766	$18,038,654
EXPENDITURES		
Interest	18,205,442	16,316,980
Office expenses		
Salaries	209,947	188,291
Audit	8,400	8,200
General	26,451	23,357
Rent	44,086	36,468
Employee benefits	29,303	28,426
	18,523,629	16,601,642
EXCESS OF INCOME OVER EXPENDITURES	429,137	1,437,012
CAPITAL RESERVE, BEGINNING OF YEAR	8,376,388	6,892,876
	8,805,525	8,329,888
Gain on sale of investments	35,325	46,500
CAPITAL RESERVE, END OF YEAR	$ 8,840,850	$ 8,376,388

SCHEDULE 1

Schedule of Investments
March 31, 1983

	Par Value	Cost	Market Value
SUMMARY OF BONDS			
Province of Ontario (Schedule A)	$ 5,000,000	$ 4,839,398	$ 4,373,270
Ontario Hydro (Schedule B)	155,937,000	148,034,993	125,661,052
Government of Canada (Schedule C)	11,300,000	10,950,625	10,671,500
Province of Saskatchewan (Schedule C)	550,000	548,350	522,500
Accrued interest on purchases	7,184	7,184	7,184
	172,794,184	164,380,540	141,235,506
SHORT TERM INVESTMENTS (Schedule C)	32,500,000	31,987,960	32,271,500
	$205,294,184	$196,368,500	$173,507,006

See accompanying notes to financial statements

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Schedule of Investments
March 31, 1983

SCHEDULE A

Security	Par Value	Cost	Market Value
BONDS			
Province of Ontario			
2½% Stock Certificates	$ 300,000	$ 300,000	$ 300,000
5¼% April 15, 1985	1,100,000	1,089,000	1,012,000
5½% August 15, 1985	800,000	800,000	729,040
5½% October 15, 1985	1,100,000	1,086,910	996,930
5¾% March 1, 1986	700,000	700,000	626,500
7¾% December 1, 1997	1,000,000	863,478	708,800
	$ 5,000,000	$ 4,839,388	$ 4,373,270

Schedule of Investments
March 31, 1983

SCHEDULE B

Security	Par Value	Cost	Market Value
BONDS			
Ontario Hydro			
13¼% March 25, 1985	1,500,000	1,494,375	1,560,000
6% July 5, 1988	895,000	858,188	736,137
6¼% January 5, 1989	2,210,000	2,187,262	1,809,548
6½% September 20, 1989	1,250,000	1,243,750	1,006,250
6% March 15, 1990	1,700,000	1,671,670	1,277,210
7% April 1, 1992	2,070,000	2,035,463	1,531,800
7% August 15, 1992	2,850,000	2,769,500	2,091,330
7% September 18, 1992	600,000	506,145	439,500
7¾% March 18, 1994	1,000,000	1,000,000	756,300
9% April 1, 1994	2,427,000	2,416,797	2,011,398
7¾% May 1, 1994	200,000	177,960	151,000
8¼% October 1, 1994	1,500,000	1,473,750	1,168,200
8½% December 1, 1994	3,040,000	2,934,800	2,409,200
9% June 30, 1995	200,000	198,720	161,260
7¾% April 5, 1997	250,000	202,275	176,575
8¼% September 15, 1997	1,475,000	1,438,713	1,095,188
7¾% February 1, 1998	2,000,000	1,976,875	1,415,000
8% May 15, 1998	12,575,000	11,509,517	9,054,000
8½% November 30, 1998	1,201,000	1,165,467	903,753
8½% March 1, 1999	3,800,000	3,724,875	2,831,000
9¾% June 14, 1999	9,885,000	9,863,856	8,217,400
10% November 15, 1999	850,000	654,075	711,875
9¼% January 10, 2000	1,903,000	1,904,250	1,560,460
9½% February 10, 2000	6,928,000	6,865,738	5,620,686
10¾% October 30, 2000	2,500,000	2,063,125	2,222,000
10¼% January 29, 2001	1,250,000	976,562	1,065,625
10% May 18, 2001	2,100,000	2,198,400	1,750,980
9½% October 5, 2003	873,000	888,278	699,535
9¼% January 6, 2004	49,725,000	47,727,675	38,850,142
9¾% June 27, 2008	11,100,000	10,274,375	9,018,750
9½% August 30, 2008	10,930,000	9,685,670	8,662,025
10¼% April 4, 2009	2,900,000	2,410,390	2,436,000
10% May 10, 2009	2,150,000	1,678,435	1,765,795
13⅜% March 25, 2010	3,160,000	3,072,750	3,243,530
13¼% May 14, 2010	5,000,000	4,842,187	5,206,500
13% January 29, 2011	2,000,000	1,943,125	2,045,000
	$155,937,000	$148,034,993	$125,661,052

See accompanying notes to financial statements.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

SCHEDULE C

Schedule of Investments
March 31, 1983

Security	Par Value	Cost	Market Value
BONDS			
Government of Canada			
11¾% February 1, 2003	$ 6,700,000	$ 6,644,500	$ 6,566,000
10½% October 1, 2004	4,600,000	4,306,125	4,105,500
	$ 11,300,000	$ 10,950,625	$10,671,500
Province of Saskatchewan			
9¼% October 2, 1987	$ 550,000	$ 548,350	$ 522,500
SHORT TERM INVESTMENTS			
Canadian Imperial Bank of Commerce			
BA due April 7, 1983	$ 1,500,000	$ 1,478,235	$ 1,497,200
BA due May 31, 1983	1,000,000	982,420	984,900
BA due June 2, 1983	3,000,000	2,942,280	2,952,600
Royal Bank of Canada			
BA due April 12, 1983	3,000,000	2,956,380	2,990,700
BA due April 25, 1983	2,500,000	2,461,000	2,484,100
BA due May 31, 1983	1,500,000	1,470,930	1,477,200
BA due June 2, 1983	3,000,000	2,942,880	2,953,100
Bank of Nova Scotia			
BA due April 5, 1983	1,500,000	1,486,770	1,498,000
BA due April 6, 1983	5,000,000	4,944,950	4,992,200
BA due May 25, 1983	3,000,000	2,926,140	2,958,100
Toronto-Dominion Bank BA due April 6, 1983	3,500,000	3,461,465	3,494,600
Bank of Montreal BA due April 5, 1983	1,500,000	1,475,460	1,498,000
Newfoundland Treasury Bills due April 14, 1983	2,500,000	2,459,050	2,490,800
	$32,500,000	$31,987,960	$32,271,500

See accompanying notes to financial statements.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Notes to Financial Statements Year Ended March 31, 1983

1. Summary of Accounting Policies

   (a) The Accountant of the Supreme Court uses a cash basis of accounting, which, for office expenses, is modified to allow an additional thirty days to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for the pay period which overlaps the fiscal year end date are apportioned between the two years.

   (b) Fixed assets are recorded as expenditures when purchased.

   (c) Funds are invested in income producing securities. Such securities are traded in order to achieve an increased yield, and only if any resultant loss on sale can be recovered through investment in replacement securities prior to the maturity date of the securities being traded. The securities are recorded at cost, with gains and losses on the sale of investments recognized in capital reserve on the first-in-first-out basis.

2. The Land Titles Assurance Fund

   In accordance with section 7(2) of the Certification of Titles Amendment Act, 1982, which came into force on July 7, 1982, the balance standing to the credit of the Certification of Titles Assurance Fund was transferred to the Land Titles Assurance Fund.

3. Suitors' Suspense

   All sums that are not claimed within ten years from the time when they became payable out of court are transferred from the suits and matters accounts to a suitors' suspense account which does not bear interest. This account has been reduced by amounts transferred to the Treasurer of Ontario by Order in Council. The transfers, which were made in the years 1936 to 1941, totalled $702,000.

4. Securities and Mortgages In Trust

   The Accountant also acts as custodian of mortgages in the amount of $1,935,919 and miscellaneous securities and documents having a value of $1,179,271.

ALGONQUIN FORESTRY AUTHORITY

(Incorporated without share capital under the Algonquin Forestry Authority Act)

Balance Sheet as at March 31, 1983

Assets	1983 $	1982 $
Current		
Cash	10,553	11,347
Accounts receivable	706,402	398,023
Inventory	40,804	22,227
Prepaid expenses	914	1,269
	758,673	432,866
Fixed (note 2)	248,325	250,815
Deferred charges	128,191	135,733
	1,135,189	819,414

Liabilities and Surplus		
Current Liabilities		
Accounts payable and accrued liabilities	334,781	214,287
Contractors' performance holdbacks	52,742	127,476
Term loans, Province of Ontario	266,585	—
	654,108	341,763
Surplus	481,081	477,651
	1,135,189	819,414

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ALGONQUIN FORESTRY AUTHORITY

Statement of Revenue and Expenditure for the year ended March 31, 1983

	1983 $	1982 $
Revenue		
Product sales	6,031,694	7,649,657
Standing timber sales	644,189	570,439
Tree marking revenue	69,018	—
Other	17,514	15,635
	6,762,415	8,235,731
Expenditure		
Operating — direct		
Logging and distribution costs	4,913,964	6,375,851
Crown timber stumpage charges	823,232	971,979
Tree marking	52,550	—
Scaling	37,351	33,590
Operations planning	20,318	12,102
Road maintenance	17,095	30,415
Area charges	8,143	6,381
	5,872,653	7,430,318
Operating income	889,762	805,413
Administrative — indirect operating and other		
Salaries and benefits	569,822	524,528
Interest	71,586	91,687
Depreciation and amortization	67,380	66,342
Vehicle operating	40,980	43,213
Office supplies and expenses	37,556	27,856
Directors' allowances and expenses	28,779	20,466
Office rent	28,551	27,862
Legal	9,793	3,105
Technical supplies	8,099	6,154
Staff travel	6,610	9,433
Insurance	5,133	7,231
Public relations	4,218	12,955
Staff training	4,047	2,310
Staff recruitment and relocation	3,455	—
Bad debt expense	323	46,000
	886,332	889,142
Net income (loss) for the year	3,430	(83,729)

Statement of Surplus for the year ended March 31, 1983

	1983 $	1982 $
Surplus, beginning of year	477,651	561,380
Net income (loss) for the year	3,430	(83,729)
Surplus, end of year	481,081	477,651

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Statement of Changes in Financial Position for the year ended March 31, 1983

	1983 $	1982 $
Source of working capital		
Net income (loss) for the year	3,430	(83,729)
Add item not requiring outlay of working capital – depreciation and amortization	67,380	66,342
	70,810	(17,387)
Proceeds from disposal of fixed assets	7,560	4,225
	78,370	(13,162)
Use of working capital		
Purchase of fixed assets	64,908	81,958
	64,908	81,958
Increase (decrease) in working capital	13,462	(95,120)
Working capital, beginning of year	91,103	186,223
Working capital, end of year	104,565	91,103

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 1983

1. Significant Accounting Policies

(a) Inventory

Inventory is stated at the lower of cost and net realizable value.

(b) Depreciation and amortization of fixed assets

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures and 33⅓ per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

(c) Deferred charges

Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 2000 were deferred and are being amortized on a straight line basis over 20 years.

2. Fixed Assets

Fixed assets in service are stated at cost and consist of:

	1983		1982	
	Cost $	Accumulated Depreciation and Amortization $	Cost $	Accumulated Depreciation and Amortization $
Furniture and fixtures	33,405	15,781	34,751	12,960
Technical equipment	11,403	4,070	6,518	3,106
Automotive equipment	91,237	60,541	82,733	51,764
Buildings and structures	13,461	7,294	13,461	5,948
Capital roads	392,874	206,369	361,027	173,897
	542,380	294,055	498,490	247,675
	294,055		247,675	
	248,325		250,815	

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements – Concluded
March 31, 1983

3. COMMITMENTS

The Authority rents premises under two leases which expire on November 30, 1985 and February 29, 1984. The current annual rent, excluding escalation costs under these leases is $4,800 and $21,300 respectively.

4. SUBSEQUENT EVENT

Effective April 1, 1983 the Authority has undertaken certain forestry and land management activities formerly carried out by the Ministry of Natural Resources. Expenditures of approximately $1,300,000 will be incurred with respect to this program which will be recovered from grants from the Ministry and retained stumpage charges.

To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1983 and the statements of revenue and expenditure, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
June 10, 1983.

THE CROP INSURANCE COMMISSION OF ONTARIO

(Incorporated without share capital under the Crop Insurance Act (Ontario))

Balance Sheet
as at March 31, 1983

ASSETS	1983	1982
	$	$
Cash	3,525,490	316,542
Accounts and premium subsidy receivable	516,465	335,277
	4,041,955	651,819
LIABILITIES		
Provision for payment of unsettled indemnities (note 1b)	843,570	874,798
Premiums collected in advance (note 1c)	1,393,740	1,163,190
Unearned premiums (note 1d)	1,987,868	1,232,929
Advances from the Treasurer of Ontario (note 3)	47,532,208	31,391,331
Advances from the Ministry of Agriculture and Food	5,000	5,000
	51,762,386	34,667,248
Less deficit	47,720,431	34,015,429
	4,041,955	651,819

See accompanying notes to financial statements.

On behalf of the Commission:

Chairman

Member

To the Crop Insurance Commission of Ontario and
to the Minister of Agriculture and Food.

I have examined the balance sheet of The Crop Insurance Commission of Ontario as at March 31, 1983 and the statements of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1983 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Crop Insurance Act (Ontario), a report on the audit has been made to the Commission and to the Minister.

Toronto, Ontario,
July 20, 1983

D. F. Archer, F.C.A.,
Provincial Auditor.

THE CROP INSURANCE COMMISSION OF ONTARIO

Statement of Deficit
for the year ended March 31, 1983

	1983	1982
	$	$
Balance, beginning of year	34,015,429	43,122,512
Adjustments to prior year's indemnity provision (note 1b)	116,388	(41,882)
	33,899,041	43,164,394
Excess (deficiency) of expenditure over revenue	13,821,390	(9,148,965)
Balance, end of year	47,720,431	34,015,429

Statement of Revenue and Expenditure
for the year ended March 31, 1983

	1983	1982
	$	$
Revenue		
Crop Insurance Premiums:		
Premiums from insured persons	16,461,958	15,659,510
Premium subsidies from the Government of Canada	16,461,958	15,659,510
	32,923,916	31,319,020
Premium Adjustment (note 4)	30,000,000	–
Administrative expenses paid by the Province of Ontario (note 2)	3,334,250	2,489,015
Interest income	286,471	163,852
	66,544,637	33,971,887
Expenditure		
Indemnities (8,427 claims: 1982 – 7,010 claims)	74,115,585	18,495,565
Administrative expenses (Schedule)	3,334,250	2,489,015
Interest on advances from the Treasurer of Ontario (note 3)	2,916,192	3,825,450
Unrecovered claim overpayments	–	12,892
	80,366,027	24,822,922
Excess (deficiency) of expenditure over revenue	13,821,390	(9,148,965)

See accompanying notes to financial statements.

SCHEDULE

THE CROP INSURANCE COMMISSION OF ONTARIO

Schedule of Administrative Expenses for the year ended March 31, 1983

	1983	1982
	$	$
Salaries	1,100,138	876,829
Commissions and fees – agents	880,319	799,857
Fees and expenses – adjusters	773,821	390,686
Data processing	258,366	169,538
Printing and stationery	119,706	90,212
Travelling expenses	35,488	26,259
Telephone, telegrams and postage	35,313	15,769
Advertising and publicity	29,131	24,267
Meetings and staff training	24,609	21,809
Automobile expenses	23,730	47,394
Miscellaneous supplies and services	14,460	12,231
Professional services	12,209	1,557
Members' allowances and expenses	11,556	6,137
Fees and expenses – arbitration board	8,471	3,080
Equipment and furniture purchases (note 1e)	6,933	3,390
	3,334,250	2,489,015

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 1983

1. Significant Accounting Policies

(a) Basis of accounting
The Commission uses the accrual basis of accounting except for administrative expenses which are on the cash basis although an additional thirty days are allowed to pay for goods and services pertaining to the fiscal year just ended.

(b) Provision for payment of unsettled indemnities
At the end of a fiscal year, the Commission estimates outstanding indemnities. In the subsequent year, any difference between the estimated and the actual indemnities is reflected in the statement of deficit and not in the statement of revenue and expenditure as the Commission feels the difference should not be reflected in the current year's operating results.

(c) Premiums collected in advance
Premiums collected in advance represent premiums received for the insurance of various crops where the deadline for applying for insurance coverage occurs after March 31, 1983. This insurance may be cancelled by the insured prior to the deadline date and premiums refunded.

(d) Unearned premiums
Unearned premiums represent premiums received for the winter wheat crop which is harvested in the early spring. The deadline for applying for insurance coverage occurred prior to March 31, 1983 and accordingly, the insurance coverage was in force at March 31, 1983 and the premiums cannot be refunded.

(e) Fixed assets
The costs of automobile, equipment and furniture purchases are expensed in the year of acquisition.

2. Administration

(a) Administrative expenses
Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. The Commission has absorbed certain administrative expenses of the Farm Income Stabilization Commission of Ontario.

(b) Accommodation
Office space is provided by the Ministry of Agriculture and Food without charge.

THE CROP INSURANCE COMMISSION OF ONTARIO

3. ADVANCES FROM THE TREASURER OF ONTARIO
The Commission borrows funds from the Treasurer of Ontario to finance the deficit. Part of the advance has a fixed interest rate of 11.725 per cent to October 31, 1984 (1983 – $35,457,311; 1982 – $31,391,331). The remainder has a fixed interest rate of 11.25 per cent to January 31, 1988 (1983 – $12,074,897; 1982 – nil). There is no set repayment schedule.

4. PREMIUM ADJUSTMENT
The Government of Canada and the Province have contributed $15,000,000 each to the Crop Insurance Commission on behalf of producers for premiums covering a number of specific crops including flue-cured tobacco which incurred major crop losses during the 1982 crop year.

5. SUBSEQUENT EVENT
Due to adverse growing conditions during the 1983 crop year, the Commission expects to incur heavy losses with respect to certain insured crops including corn, soybeans, spring grain, green peas and tomatoes. However, it is not practicable to reasonably estimate the extent of such losses at this point in time.

THE DEVELOPMENT

ASSETS	Combined as at March 1983	1982
	$	$
Cash	21,122,878	28,261,210
Short term deposits	22,189,468	12,513,161
Accounts receivable	300,897	443,260
Loans receivable		
Term, regular (note 12)	100,312,769	107,040,851
Term, Ontario Business Incentives Program (note 12)	127,334,280	128,385,047
Performance, subject to forgiveness	767,760	1,430,470
Employment Development Fund	18,851,892	18,779,106
Ontario Industrial Parks Program	5,006,002	4,085,560
Board of Industrial Leadership and Development (BILD)	19,389,685	2,925,114
Eastern Ontario Subsidy Agreement (note 2)	4,652,383	1,924,842
St. Joseph's Heritage (note 3)	1,248,000	1,200,000
Flood Relief Loan Program	904,171	580,578
Rural Ontario Development Program	706,725	97,300
Northern Ontario Rural Development Agreement (note 4)	1,121,469	57,000
Long term investment (note 5)	440,200	
Net investment in lease (note 6)	370,057	371,963
Serviced land at Sheridan Park, at cost, (note 1c)	217,510	215,089
Fixed assets, less accumulated depreciation (note 7)	4,439,247	4,233,277
Land and building held for sale (note 8)	131,528	131,528
	329,076,921	312,675,356

See accompanying notes to combined financial statements

On behalf of the Board

Director

Director

Director

CORPORATIONS

Balance Sheet
31, 1983

LIABILITIES	1983	1982
	$	$
Accounts payable and accrued charges	127,738	9,617
Interest payable	61,764	
Deposits and trust accounts	780,098	137,701
Note payable — Ontario Land Corporation	451,418	666,321
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	850,100	1,514,055
Other (note 12)	266,074,311	263,732,085
Loans assumed by other borrowers	60,000	60,000
Deferred revenue — Eastern Ontario		
Subsidy Agreement (note 2)	4,665,527	1,924,842
Northern Ontario Rural Development Agreement (note 4)	1,580,000	
Ministry of Health		
St. Joseph's Heritage (note 3)	1,200,000	1,200,000
	275,820,953	269,244,621
SHAREHOLDER'S EQUITY		
Share capital — authorized and issued		
7,000 shares with a par value of $1,000 each	7,000,000	7,000,000
Reserve for replacement of buildings (note 9)		700,000
Retained earnings	46,255,968	35,730,735
	53,255,968	43,430,735
	329,076,921	312,675,356

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Trade.

I have examined the combined balance sheet of the Development Corporations consisting of the Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1983 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Development Corporations as at March 31, 1983 and the results of their operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
August 16, 1983.

THE DEVELOPMENT CORPORATIONS

Combined Statement of Operations for the year ended March 31, 1983

	1983 $	1982 $
Revenue		
Interest	19,000,202	16,583,310
Net income on Industrial Parks Operations (Schedule I)	698,000	952,408
Financing and rental income	36,344	57,108
	19,734,546	17,592,826
Expense		
Interest	22,367,281	21,426,096
Administration (Schedule II)	5,680,023	5,399,580
Performance loan forgiveness	690,477	1,762,259
Term loans written off (note 1b)	7,268,368	6,000,559
Payments on guaranteed bank loans (note 1b)	4,282,778	4,967,360
Guarantee interest subsidy	79,020	–
Grant (note 10)	100,000	–
	40,467,947	39,555,854
Loss before recoveries from the Province of Ontario	20,733,401	21,963,028
Recoveries from the Province of Ontario		
Interest expense	12,457,968	11,791,000
Administration	5,680,023	5,399,580
Performance loan forgiveness	690,477	1,762,259
Term loans written off	7,268,368	6,000,559
Payments on guaranteed bank loans	4,282,778	4,967,360
Guarantee interest subsidy	79,020	–
Grant	100,000	–
	30,558,634	29,920,758
Net income for the year	9,825,233	7,957,730

Combined Statement of Retained Earnings for the year ended March 31, 1983

	1983 $	1982 $
Balance, beginning of year	35,730,735	27,773,005
Net income for the year	9,825,233	7,957,730
Transfer from replacement of buildings reserve (note 9)	700,000	–
Balance, end of year	46,255,968	35,730,735

See accompanying notes to combined financial statements.

THE DEVELOPMENT CORPORATIONS

Statement of Industrial Parks Operations
for the year ended March 31, 1983
(note 1g)

SCHEDULE I

	1983 $	1982 $
Revenue		
Rental and utility charges	3,109,336	2,873,826
Interest	627,170	826,046
	3,736,506	3,699,872
Expense		
Salaries and staff benefits	1,117,805	1,108,655
Maintenance and administration	785,725	822,612
Depreciation (note 1d)	963,856	782,569
Interest expense	59,046	53,893
Bad debt expense (recovery)	112,074	(20,265)
	3,038,506	2,747,464
Net income for the year	698,000	952,408

SCHEDULE II

Combined Administration Expenses
for the year ended March 31, 1983
(note 1f)

	1983 $	1982 $
Salaries and staff benefits	4,637,299	4,223,111
Transportation and communication	420,880	387,220
Services	460,271	604,602
Supplies and equipment	161,573	184,647
	5,680,023	5,399,580

See accompanying notes to combined financial statements.

Notes to Combined Financial Statements
March 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(b) Loans written off and guaranteed loans paid.

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the combined statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1983 – Continued

(d) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment.

(e) Long term investment

The Ontario Development Corporation accounts for its investment in which it has significant influence on the equity basis.

(f) Administration expenses

These expenses are reflected on a modified cash basis as followed by the Province.

(g) Industrial Parks Operations

Revenue and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. Eastern Ontario Subsidy Agreement

The Eastern Ontario Subsidy Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under The Eastern Ontario Subsidy Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Eastern Ontario Development Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

3. St. Joseph's Heritage

Funds were provided by the Ministry of Health and loaned to St. Joseph's Heritage, a medical and commercial centre, by the Northern Ontario Development Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Northern Ontario Development Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan. Interest accrues on principal of $400,000 until April 1992. Subsequent to that date, the full advance is due and payable on demand and interest accrues on the entire outstanding balance from that time.

4. Northern Ontario Rural Development Agreement

The Northern Ontario Rural Development Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Northern Ontario. It is jointly funded by the Government of Canada and Ontario under the Northern Rural Development Subsidy Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Northern Ontario Development Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

5. Long Term Investment

The Ontario Development Corporation owns on behalf of BILD a 20 per cent equity interest in Allelix Inc., a joint venture with Canada Development Corporation (50 per cent) and John Labatt Ltd. (30 per cent), which will carry out basic and applied research in industrial and agricultural applications of biotechnology.

Transaction during the year consisted of:

Common shares acquired	
200 shares, at cost	$ 200
Research contributions	440,000
	$440,200

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1983 – Continued

The Ontario Development Corporation has, as agent for BILD, loaned Canada Development Corporation and John Labatt Ltd. $9,800,000 to finance the construction of the research facility. This loan, including accrued interest, is included in BILD loans receivable.

6. NET INVESTMENT IN LEASE

The Corporations own property which is leased to a client with an option to purchase. The Corporations' net investment in the lease is composed of total minimum lease payments less unearned finance income:

	1983	1982
	$	$
Total minimum lease payments receivable, including renewals, to March 1, 2000 (1982-June 30, 2002)	667,602	853,545
Less: unearned finance income	(297,545)	(481,582)
	370,057	371,963

Due to the financial problems experienced by the lessee, a 12 month moratorium on lease payments was granted and the term of the lease was renegotiated with payments to recommence June 1, 1983.

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

7. FIXED ASSETS

Fixed assets are stated at acquisition cost and consist of:

	1983		1982	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	$	$	$	$
Land	341,514	–	341,514	–
Buildings and improvements	10,188,011	6,176,700	9,116,992	5,262,165
Equipment	548,749	462,327	449,941	413,005
	11,078,274	6,639,027	9,908,447	5,675,170
	6,639,027		5,675,170	
	4,439,247		4,233,277	

8. LAND AND BUILDING HELD FOR SALE

This acquisition arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

9. RESERVE FOR REPLACEMENT OF BUILDINGS

A $700,000 reserve for building replacement previously appropriated from retained earnings has been reclassified to retained earnings since the Ontario Development Corporation has decided that no major replacements nor renovations of buildings will be required in the near future.

10. GRANT

The Ontario Science Centre anticipates building an International Science Circus consisting of high tech exhibits. This exhibit will travel, on a self-financing basis, to various countries in Asia. Total capital costs are estimated to be $600,000 of which the Ministry of Industry and Trade through the Ontario Development Corporation is funding $100,000.

11. WHOLLY-OWNED SUBSIDIARIES, NOT CONSOLIDATED

During fiscal 1981-82, the Northern Ontario Development Corporation wrote off performance loans and term loans advanced to Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary, in the amount of $452,000 and $1,349,430, respectively. The reported loss of this subsidiary for the year ended March 31, 1983 amounted to $100,877 (1982 – $303,727) and the reported deficit was $1,250,666 (1982 – $1,149,789).

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1983 – Concluded

The Northern Ontario Development Corporation also owns, on behalf of the Province of Ontario, all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation's investment in these wholly-owned subsidiaries was written off in 1975-76. During the current fiscal year, a major renovation of the main lodge continued and the accounts of these subsidiaries are still in the process of being finalized. For the year ended March 31, 1982, the reported losses of these subsidiaries was $1,019,084 of which $848,000 related to interest expense. The deficit of these two subsidiaries as at March 31, 1982 was $6,552,117 and the contributed surplus was $681,858.

On March 10, 1983, non interest bearing debentures in the amount of $25,000,000 payable on demand were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the former Ministry of Industry and Trade, the Ministry of Tourism and Recreation and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies. The Corporations have not recorded these debentures in the accounts.

These debentures replace the $4,000,000 and $5,000,000 debentures payable on demand and bearing interest at the rate of 9½ per cent per annum which were issued July 18, 1978 by Minaki Lodge Resort Ltd. and Minaki Development Company Limited.

The Corporations have not consolidated these subsidiaries as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporations.

12. RECLASSIFICATION

Previously term loans and advances from the Province were net of an allowance for doubtful loans. Since the Treasurer of Ontario reimburses the Corporations for all uncollectible loans written off, both term loans and advances have been reclassified to exclude any allowance. Had an allowance for doubtful loans been set up, the Corporations estimate that $21,800,000 (1982 – $18,400,000) would have been recorded.

13. CONTINGENT LIABILITIES

(a) As at March 31, 1983 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $60,439,000 (1982 – $54,011,000).

(b) A legal action claiming aggregate damages of $4,500,000 plus interest has been instituted against Northern Ontario Development Corporation, Ontario Development Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporations are of the opinion that the claim is without merit.

14. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1983 amounted to $112,775,000 (1982 – $96,678,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $19,372,000 (1982 – $43,090,000).

In connection with the investment in Allelix Inc., there is a commitment for additional construction loans of $5,200,000 and additional research contributions which will be financed by BIDD of $14,600,000.

15. SUBSEQUENT EVENT

(a) On July 5, 1983, the Thunder Bay Ski Jumps Limited acquired the assets used in the operation of the Sundance Ski Area including land leased in previous years for the ski jumping facilities for the following consideration:

Cash (funded by advances from Ministry of Tourism and Recreation)	$539,704
Assumption of debts payable to Northern Ontario Development Corporation	337,844
	$877,548

(b) On July 15, 1983 Minaki Lodge was officially re-opened. The Radisson Hotel Corporation now manages Minaki on behalf of Northern Ontario Development Corporation.

16. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1983 presentation.

EASTERN ONTARIO DEVELOPMENT CORPORATION

(Incorporated without share capital under the Development Corporations Act)

Balance Sheet as at March 31, 1983

Assets	1983	1982
	$	$
Cash	4,856,561	3,272,265
Accounts receivable	—	21,928
Loans receivable		
Term, regular (note 3)	18,500,609	19,260,880
Term, Ontario Business Incentives Program (note 3)	54,764,002	56,208,612
Ontario Industrial Parks Program	3,512,014	3,636,694
Eastern Ontario Subsidy Agreement (note 2)	4,652,383	1,924,842
Employment Development Fund	150,000	150,000
Board of Industrial Leadership and Development (BILD)	1,269,969	250,000
Rural Ontario Development Program	220,325	31,200
	87,925,863	84,756,421
Liabilities and Retained Earnings		
Interest payable	61,764	—
Advances from the Province of Ontario (note 3)	72,635,083	74,637,818
Due to Ontario Development Corporation		
(BILD)	2,915,000	2,000,000
Ontario Industrial Parks Program	2,915,291	3,095,822
Ontario Land Corporation	451,418	469,591
Loans assumed by other borrowers	60,000	60,000
Deferred revenue – Eastern Ontario Subsidy Agreement (note 2)	4,665,527	1,924,842
Total liabilities	83,704,083	82,188,073
Retained earnings	4,221,780	2,568,348
	87,925,863	84,756,421

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To the Eastern Ontario Development Corporation and
to the Minister of Industry and Trade.

I have examined the balance sheet of Eastern Ontario Development Corporation as at March 31, 1983 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario
August 12, 1983.

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1983

	1983 $	1982 $
Revenue		
Interest	4,696,791	3,230,737
Expense		
Interest	7,967,978	7,486,307
Administration (Schedule)	463,418	438,399
Term loans written off (note 1b)	1,300,078	472,556
Payments on guaranteed bank loans (note 1b)	108,000	—
Guarantee interest subsidy	7,302	—
	9,846,776	8,397,262
Loss before recoveries from the Province of Ontario	5,149,985	5,166,525
Recoveries from the Province of Ontario		
Interest expense	4,924,619	5,181,000
Administration	463,418	438,399
Term loans written off	1,300,078	472,556
Payments on guaranteed bank loans	108,000	—
Guarantee interest subsidy	7,302	—
	6,803,417	6,091,955
Net income for the year	1,653,432	925,430

Statement of Retained Earnings
for the year ended March 31, 1983

Balance, beginning of year	2,568,348	1,642,918
Net income for the year	1,653,432	925,430
Balance, end of year	4,221,780	2,568,348

SCHEDULE

Administration Expenses
for the year ended March 31, 1983
(note 1c)

	1983 $	1982 $
Salaries and staff benefits	340,884	373,936
Transportation and communication	56,868	49,690
Services	64,849	12,554
Supplies and equipment	817	2,219
	463,418	438,399

See accompanying notes to financial statements.

EASTERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1983

1. Significant Accounting Policies

(a) Loans receivable

Loans are disbursed by the Corporation under section 12(1) of the Development Corporations Act.

Under section 19a of the Act, as amended, the Corporation is authorized to act as agent for the Province in respect of programs, projects or other matters undertaken for the advancement of industrial or economic development.

In accordance with this Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporation.

(b) Loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Administration expenses

These expenses are reflected on a modified cash basis as followed by the Province. These expenses do not include certain administrative expenses absorbed by Ontario Development Corporation.

Equipment purchases for general office use are charged to supplies and equipment in the year of acquisition.

2. Eastern Ontario Subsidy Agreement

The Eastern Ontario Subsidy Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under The Eastern Ontario Subsidy Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

3. Reclassification

Previously term loans and advances from the Province were net of an allowance for doubtful loans. Since the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written off, both term loans and advances have been reclassified to exclude any allowance. Had an allowance for doubtful loans been set up, the Corporation estimates that $5,500,000 (1982 – $4,600,000) would have been recorded.

4. Contingent Liabilities

As at March 31, 1983 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $6,269,000 (1982 – $4,811,000).

5. Commitments

Loans authorized but not disbursed as at March 31, 1983 amounted to $20,387,000 (1982 – $22,460,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $1,362,000 (1982 – $3,534,000).

FARM INCOME STABILIZATION COMMISSION OF ONTARIO
(Incorporated without share capital under the Farm Income Stabilization Act)

Balance Sheet
as at March 31, 1983

ASSETS	1983	1982
	$	$
Cash in banks	11,035,865	4,869,818
Accounts receivable (note 4)	56,170	1,630,180
	11,092,035	6,499,998
LIABILITIES		
Accrued interest	—	206,555
Loans from the Treasurer of Ontario (note 5)	691,705	1,926,803
Farmers' enrollment fees, including interest income (schedule 1) (note 3)	8,997,266	3,976,373
Government subsidies (schedule 2) (notes 3 and 4)	1,403,064	390,267
	11,092,035	6,499,998

See accompanying schedules and notes to financial statements.

On behalf of the Commission:

Chairman

Member

To the Farm Income Stabilization Commission of Ontario and
to the Minister of Agriculture and Food.

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1983 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1983 and its receipts and disbursements in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of the Farm Income Stabilization Act, a report on the audit has been made to the Commission and to the Minister.

Toronto, Ontario,
June 10, 1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements for the year ended March 31, 1983

	1983 $	1982 $
Receipts:		
Ontario Corn Stabilization Plan, 1977:		
Farmers' fees withheld from stabilization payments	–	2,224
Ontario Corn Stabilization Plan, 1979-1981:		
Subsidy from Province of Ontario	1,300,000	–
Ontario Soybean Stabilization Plan, 1979-1981:		
Subsidy from Province of Ontario	600,000	–
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Subsidy from Province of Ontario	5,000,000	6,900,000
Loans from Province of Ontario	1,200,000	1,565,000
Interest income	183,547	190,652
Interest on outstanding fees (note 4)	359,306	77,905
	6,742,853	8,733,557
Farmers' enrollment fees, including interest income (note 3)	11,091,658	3,380,384
Administrative expenses paid by Province (notes 1 and 2)	261,200	142,515
	19,995,711	12,258,680
Disbursements:		
Stabilization payments (note 6):		
Ontario Corn Stabilization Plan, 1977	–	6,673
Ontario Corn Stabilization Plan, 1979-1981	879,328	–
Ontario Soybean Stabilization Plan, 1979-1981	449,085	–
Ontario Weaner Pig Stabilization Plan, 1980-1985	7,607,588	9,787,262
	8,936,001	9,793,935
Refunds of 1979-81 farmers' fees balance	1,762,375	–
Repayment of loans from Province of Ontario	2,435,098	1,062,000
Interest expense	434,990	193,337
Administrative expenses	261,200	142,515
	13,829,664	11,191,787
Excess of receipts over disbursements	6,166,047	1,066,893
Cash in banks, beginning of year	4,869,818	3,802,925
Cash in banks, end of year	11,035,865	4,869,818

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SCHEDULE 1

Schedule of Farmers' Enrollment Fee Balances by Plan as at March 31, 1983

Stabilization Plans (note 3)	Balance April 1, 1982	Fees (note 3)	Interest	Total	Share of Payments	Refunds	Balance March 31, 1983
	$	$	$	$	$	$	$
1979-81:							
Corn	2,052,684	–	211,814	211,814	(293,109)	(939,900)	1,031,489
Soybean	349,467	–	36,511	36,511	(149,695)	(104,307)	131,976
White Bean	92,233	–	6,829	6,829	–	(99,062)	–
Winter Wheat	584,760	–	43,215	43,215	–	(627,975)	–
	3,079,144	–	298,369	298,369	(442,804)	(1,771,244)	1,163,465
1982-84:							
Corn	–	2,940,594	99,637	3,040,231	–	–	3,040,231
Soybean	–	1,274,877	42,987	1,317,864	–	–	1,317,864
White Bean	–	268,392	9,249	277,641	–	–	277,641
Winter Wheat	–	280,891	9,681	290,572	–	–	290,572
Barley	–	157,458	5,376	162,834	–	–	162,834
	–	4,922,212	166,930	5,089,142	–	–	5,089,142
Weaner Pig (notes 3 and 4)	897,229	4,265,014	118,280	4,383,294	(2,535,864)	–	2,744,659
	3,976,373	9,187,226	583,579	9,770,805	(2,978,668)	(1,771,244)	8,997,266

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SCHEDULE 2

Schedule of Government Subsidies for the year ended March 31, 1983

	1983 $	1982 $
Ontario Corn Stabilization Plan, 1977:		
Balance, beginning of year	–	4,449
Stabilization payments	–	6,673
Less farmers' share (1/3) withheld from payments	–	2,224
	–	4,449
Balance, end of year	–	–
Ontario White Bean Stabilization Plan, 1978-1980:		
Balance, beginning of year	–	36,794
Transfer to Ontario Weaner Pig Stabilization Plan, 1980-1985	–	36,794
Balance, end of year	–	–
Ontario Corn Stabilization Plan, 1979-1981:		
Balance, beginning of year	–	–
Subsidy from Province of Ontario	1,300,000	–
Stabilization payments	879,328	–
Less farmers' share (1/3)	293,109	–
	586,219	–
Balance, end of year	713,781	–
Ontario Soybean Stabilization Plan, 1979-1981:		
Balance, beginning of year	–	–
Subsidy from Province of Ontario	600,000	–
Stabilization payments	449,085	–
Less farmers' share (1/3)	149,695	–
	299,390	–
Balance, end of year	300,610	–
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Balance, beginning of year	390,267	173,971
Subsidy from Province of Ontario	5,000,000	6,900,000
Ontario White Bean Stabilization Plan, 1978-1980	–	36,794
Interest income	183,547	190,652
Forfeited fees and other credits	–	634
	5,183,547	7,128,080
Stabilization payments	7,607,588	9,787,262
Less farmers' share (1/3)	2,535,864	3,262,419
	5,071,724	6,524,843
Provision for bad debts	–	400,000
Loan interest net of interest on accounts receivable	113,417	(13,059)
	5,185,141	6,911,784
Balance, end of year	388,673	390,267
Balance, end of year	1,403,064	390,267

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SCHEDULE 3

Schedule of Administrative Expenses
for the year ended March 31, 1983

	1983	1982
	$	$
Salaries and wages	48,606	13,300
Employee benefits	1,454	500
Transportation and communication	16,719	10,556
Services	157,853	110,579
Supplies and equipment	36,568	7,580
	261,200	142,515

See accompanying schedules and notes to financial statements.

Notes to Financial Statements
March 31, 1983

1. Significant Accounting Policies

(a) Basis of Accounting

The Commission uses essentially a cash basis of accounting except for the following modifications:

(i) For administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for a pay period which overlaps the fiscal year end date are apportioned between the two years.

(ii) An allowance for doubtful accounts has been established as discussed in note 4.

(iii) Interest is accrued on both outstanding fees receivable and the loan from the Treasurer of Ontario.

2. Administrative Expenses

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. Certain additional administrative expenses have been absorbed by The Crop Insurance Commission of Ontario.

3. Farm Income Stabilization Plans

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for changes in cash costs of production. On the same basis, provincial plans support prices between 90 and 95 per cent of the five year average price.

Fees are normally collected in advance except as discussed in note 4 and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6(3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

Upon termination of each plan, moneys standing to the credit of farmers enrolled in these plans will be refunded together with any interest earned thereon. Voluntary stabilization plans exist for the following six commodities: corn, soybeans, white beans, winter wheat, barley and weaner pigs.

The Commission shall, at the discretion of the Treasurer of Ontario, pay into the Consolidated Revenue Fund any surplus moneys in the Fund that are not necessary for the current requirements of the Commission in accordance with section 12 of the Farm Income Stabilization Act.

4. Ontario Weaner Pig Stabilization Plan, 1980-1985

The Government of Ontario developed this five year plan to help stabilize the incomes of many of the province's pork producers. The plan functions in the manner as discussed in Note 3, with one exception. In order to pay the producers the maximum amount possible under the regulations when stabilization support payments are made, the difference between the farmers' one-third share of the stabilization support payments and their prepaid registration fees are not deducted from the stabilization support payments but rather are recorded as accounts receivable. While the Commission will endeavour to recover the advances including interest at a later date, a reserve for doubtful accounts of $400,000 has been reflected in the Commission's account as at March 31, 1983 (1982 – $400,000).

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1983—Concluded

5. Loans from the Treasurer of Ontario

The Treasurer of Ontario has provided loans under section 11 of the Act to finance a portion of the stabilization payments under the Ontario Weaner Pig Stabilization Plan, 1980-1985. The maximum term of each of these loans is five years, and they bear interest for that term at the current market rate as determined by the Treasurer of Ontario at the time such loans are authorized by Order in Council.

6. Stabilization Payments

Stabilization payments are currently being made under the Corn Stabilization Plan, 1979-1981 and the Soybean Stabilization Plan, 1979-1981. Farmers are elgible to make claims under the above plans until August 31,1984.

7. Comparative Figures

Comparative figures have been reclassified where necessary to conform to the 1983 presentation.

LIQUOR CONTROL BOARD OF ONTARIO
(Incorporated under the Liquor Control Act)

Balance Sheet
March 31, 1983

Assets

	1983 $	1982 $
Current		
Cash	20,300,802	7,190,838
Accounts receivable, trade and others	3,550,497	2,288,234
Inventories, at cost	129,242,615	135,506,224
Prepaid expenses	959,793	855,795
	154,053,707	145,841,091
Fixed (note 1)	1	1
	154,053,708	145,841,092

Liabilities and Retained Income

Current		
Accounts payable and accrued liabilities	88,400,471	70,415,841
Retained income	65,653,237	75,425,251
	154,053,708	145,841,092

See accompanying notes to financial statements.

Approved:

Chairman

General Manager

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31,1983 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles, as modified by Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

Toronto, Ontario,
August 29, 1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income
year ended March 31, 1983

	1983	1982
	$	$
Sales	1,467,296,832	1,329,263,205
Cost of sales	746,512,482	684,341,922
Gross income	720,784,350	644,921,283
Operating expenses		
Salaries and employee benefits	117,741,756	104,235,466
Rent	13,302,381	12,087,357
Repairs and maintenance	3,441,950	2,756,964
Grants in lieu of taxes	3,169,968	2,959,404
Utilities	3,479,299	3,251,992
Packing material	1,961,064	1,918,734
Stationery	1,041,593	1,058,995
Travelling	510,480	533,950
Stock breakage and losses	1,500,275	1,275,387
Agency commissions and expenses	878,742	814,028
Armour car services	932,393	790,266
Security services	121,367	142,152
Equipment rental and supplies	692,853	804,644
Telephone and telegraph	566,125	541,067
Other	4,040,801	3,115,768
Fixed assets	50,761,698	8,405,638
	204,142,745	144,691,812
Operating income	516,641,605	500,229,471
Other income		
Special occasion permit purchase fees	3,704,226	3,786,652
Interest on bank balances	1,829,559	2,775,982
Miscellaneous income	1,052,596	972,270
	6,586,381	7,534,904
Net income for the year	523,227,986	507,764,375

Statement of Retained Income
year ended March 31, 1983

	1983	1982
	$	$
Balance, beginning of year	75,425,251	69,660,876
Add net income for the year	523,227,986	507,764,375
	598,653,237	577,425,251
Deduct payments to the Treasurer of Ontario on account of net income	533,000,000	502,000,000
Balance, end of year	65,653,237	75,425,251

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements
March 31, 1983

1. FIXED ASSETS

Fixed assets are expensed by the Board in the year of acquisition and are carried on the books at a nominal value of $1.00.

The total accumulated costs of fixed assets at year end, less disposals, are as follows:

	1983	1982
	$	$
Land	10,223,942	9,620,638
Buildings	55,439,169	53,747,942
Construction in progress (Distribution Warehouse—Whitby) (note 2)	52,753,588	6,163,551
Furniture and equipment	11,076,053	10,543,154
Leasehold improvements	10,881,563	10,083,900
	140,374,315	90,159,185

2. CONSTRUCTION IN PROGRESS: DISTRIBUTION WAREHOUSE—WHITBY

The Board is building a new automated warehouse in Whitby, Ontario with total costs estimated at $108,000,000 through 1984. Details of the expenditures are as follows:

	1983	1982
	$	$
Land	3,026,013	2,943,631
Building	49,711,194	3,219,920
Furniture and equipment	16,381	—
	52,753,588	6,163,551
Estimated costs to complete	55,246,412	101,836,449
	108,000,000	108,000,000

The Board expects to spend $46,000,000 during the 1983-84 fiscal year.

3. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	$
1984	9,800,000
1985	9,100,000
1986	6,900,000
1987	5,900,000
1988	4,700,000
thereafter	13,500,000
	49,900,000

THE NIAGARA

Balance as at October

ASSETS

	1982 $	1981 $
Current		
Cash	6,391,617	6,175,573
Accounts receivable		
Ontario Hydro	395,719	354,064
Sundry	285,120	262,433
Inventories – note 1(a)		
Saleable merchandise	1,688,376	1,882,032
Maintenance and other supplies	177,801	174,070
Prepaid expenses	152,006	24,910
	9,090,639	8,873,082
Investment of Funds for Future Capital Program – note 3	6,500,000	4,700,000
Fixed – notes 1(b), 2 and 4		
Land	4,755,601	4,720,601
Buildings, roadways and structures	24,058,095	20,821,260
Equipment and furnishings	3,753,529	3,388,454
Automobiles and trucks	787,589	684,501
	33,354,814	29,614,816
Accumulated depreciation	11,772,575	10,836,360
	21,582,239	18,778,456
Capital works in progress	707,376	812,851
	22,289,615	19,591,307
	37,880,254	33,164,389

See accompanying notes to financial statements.

On behalf of the Commission:

Chairman

Member

STATEMENT 1

PARKS COMMISSION

Sheet
31, 1982

LIABILITIES

	1982 $	1981 $
Current		
Accounts payable	1,867,796	1,118,607
Accrued payroll	289,949	234,929
	2,157,745	1,353,536
Long-term Indebtedness		
Mortgage payable – note 4	28,000	30,000

EQUITY

Equity (Statement 2)	35,694,509	31,780,853
	37,880,254	33,164,389

To The Niagara Parks Commission and
to the Minister of Tourism and Recreation.

I have examined the balance sheet of The Niagara Parks Commission as at October 31, 1982 and the statements of income and expenditure, equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at October 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Commission and to the Minister.

D. F. Archer

D. F. Archer, C.A.,
Provincial Auditor.

Toronto, Ontario,
January 25, 1983.

STATEMENT 2

THE NIAGARA PARKS COMMISSION

Statement of Equity
for the year ended October 31, 1982

	1982	1981
	$	$
Equity, beginning of year	31,780,853	26,901,527
Excess of income over expenditure for the year (Statement 3)	3,913,656	4,879,326
Equity, end of year	35,694,509	31,780,853

STATEMENT 3

Statement of Income and Expenditure
for the year ended October 31, 1982

	1982	1981
	$	$
Income		
Water rentals	2,974,963	2,649,877
Privileges, tolls and fees	516,187	529,375
Net income from gift shops, restaurants and attractions, exclusive of any portion of the administrative overhead of the Commission (Schedule 5)	6,784,149	7,215,330
Sundry income	43,234	39,133
Profit on disposal of fixed assets – net	37,931	12,053
Premium on United States funds – net	137,641	116,396
Interest on bank deposits	1,438,674	1,069,936
	11,932,779	11,632,100
Expenditure		
Maintenance expenses (Schedule 6)	5,720,280	4,781,100
Administrative and general expenses (Schedule 7)	1,548,396	1,247,703
Advertising and public relations	238,256	242,978
Bank loan and mortgage interest	1,647	15,851
	7,508,579	6,287,632
Excess of income over expenditure for the year before depreciation on non-income producing assets	4,424,200	5,344,468
Depreciation of non-income producing assets	510,544	465,142
Excess of income over expenditure for the year	3,913,656	4,879,326

See accompanying notes to financial statements.

STATEMENT 4

THE NIAGARA PARKS COMMISSION

Statement of Changes in Financial Position for the year ended October 31, 1982

	1982 $	1981 $
Funds were provided by:		
Operations		
Excess of income over expenditure for the year	3,913,656	4,879,326
Charge against income not requiring an outlay of funds – depreciation	1,066,232	966,876
Profit on disposal of fixed assets – net	(37,931)	(12,053)
	4,941,957	5,834,149
Sale of fixed assets	50,300	34,851
	4,992,257	5,869,000
Funds were used for:		
Purchase of fixed assets and capital works in progress	3,776,909	2,765,636
Payments on long-term indebtedness		
Mortgage payable	2,000	2,000
Investment of funds for future capital program	1,800,000	250,000
	5,578,909	3,017,636
Increase (Decrease) in working capital	(586,652)	2,851,364
Working capital, beginning of year	7,519,546	4,668,182
Working capital, end of year	6,932,894	7,519,546

See accompanying notes to financial statements.

SCHEDULE 5

THE NIAGARA PARKS COMMISSION

Gift Shops, Restaurants and Attractions

Schedule of Income and Expenditure for the year ended October 31, 1982

	1982 $	1981 $
Income		
Souvenirs, china and post cards	8,604,266	8,866,995
Food and refreshments	6,104,873	5,872,598
Beer, liquor and wine	841,982	799,307
Confectionery and tobacco	326,501	294,453
Fares, admissions and rentals	4,607,088	4,406,662
Sundry	424,888	429,301
	20,909,598	20,669,316
Cost of Goods Sold		
Souvenirs, china and post cards	4,073,111	4,181,727
Food and refreshments	1,729,743	1,656,737
Beer, liquor and wine	254,963	236,260
Confectionery and tobacco	192,270	165,982
Sundry	209,566	232,687
	6,459,653	6,473,393
Gross Profit	14,449,945	14,195,923
Operating Expenditure		
Salaries and wages	3,983,800	3,651,871
Employee benefits	310,154	298,572
Fuel, power, water and laundry	411,055	354,717
General expenses	729,207	707,295
Maintenance of buildings, equipment and golf courses	1,062,779	943,531
Grants in lieu of municipal taxes	254,321	231,445
Warehouse expense	358,792	291,428
	7,110,108	6,478,859
Net income before depreciation	7,339,837	7,717,064
Depreciaton of buildings and equipment	555,688	501,734
Net income exclusive of any portion of the administrative overhead of the Commission	6,784,149	7,215,330

See accompanying notes to financial statements.

SCHEDULE 6

THE NIAGARA PARKS COMMISSION

Schedule of Maintenance Expenses
for the year ended October 31, 1982

	1982 $	1981 $
Maintenance of Grounds and Facilities		
Niagara-on-the-Lake to Queenston	221,665	164,434
Queenston Heights Park	223,553	213,706
Queenston to Niagara Falls	506,285	358,071
Queen Victoria Park	1,363,606	1,249,528
Queen Victoria Park to Black Creek	238,415	120,696
Black Creek to Fort Erie	158,763	129,676
Town of Fort Erie	204,508	149,442
Stoney Creek Park	48,234	43,899
	2,965,029	2,429,452
Undistributed Maintenance Costs		
Horticulture Department		
School of Horticulture	404,095	373,094
Greenhouse	188,027	146,743
Tree department	55,839	46,473
Other expenses	393,171	359,398
Trucks and automobiles	48,629	34,911
Service yards	178,804	135,454
	1,268,565	1,096,073
Engineering Department		
Equipment	39,228	25,433
Other expenses	706,972	578,145
	746,200	603,578
Police Department		
Salaries	582,885	510,063
Automobiles, employee benefits, uniforms and miscellaneous	157,601	141,934
	740,486	651,997
	5,720,280	4,781,100

See accompanying notes to financial statements.

SCHEDULE 7

THE NIAGARA PARKS COMMISSION

Schedule of Administrative and General Expenses for the year ended October 31, 1982

	1982 $	1981 $
Administrative Expenses		
Administrative and office salaries	796,476	723,459
Commissioners' expenses	7,806	6,493
Office expense	66,529	54,692
Telephone	32,629	26,701
Travel expense	7,556	8,103
Employee benefits – net	150,007	183,073
	1,061,003	1,002,521
General Expenses		
Insurance – net	56,132	56,814
Legal fees	19,879	20,220
Audit fees	23,425	19,175
Pension and injury awards	20,172	20,172
Grants in lieu of municipal taxes – net	19,338	15,711
General expense	41,532	40,427
Expropriation expense – note 5	231,141	35,721
Special grants	75,774	36,942
	487,393	245,182
	1,548,396	1,247,703

See accompanying notes to financial statements.

THE NIAGARA PARKS COMMISSION

Notes to Financial Statements for the year ended October 31, 1982

1. Significant Accounting Policies

(a) Inventories

Inventories of saleable merchandise are valued at the lower of cost (first-in, first-out) and net realizable value.

(b) Fixed assets

All fixed assets are recorded at cost. Depreciation has been recorded on the straight-line method, using rates from 2 to 20 per cent for buildings, roadways and structures, from 10 to 50 per cent for equipment and furnishings and from 15 to 40 per cent for automobiles and trucks.

2. Fixed Assets

	1982		
	Cost $	Accumulated Depreciation $	Net Book Value $
Land	4,755,601		4,755,601
Buildings, roadways and structures	24,058,095	8,938,812	15,119,283
Equipment and furnishings	3,753,529	2,291,827	1,461,702
Automobiles and trucks	787,589	541,936	245,653
	33,354,814	11,772,575	21,582,239

THE NIAGARA PARKS COMMISSION

Notes to Financial Statements – Concluded
for the year ended October 31, 1982

	1981		
	Cost	Accumulated Depreciation	Net Book Value
	$	– $	$
Land	4,720,601		4,720,601
Buildings, roadways and structures	20,821,260	8,298,107	12,523,153
Equipment and furnishings	3,388,454	2,029,741	1,358,713
Automobiles and trucks	684,501	508,512	175,989
	29,614,816	10,836,360	18,778,456

3. CAPITAL PROGRAM

The Commission has commenced initial work in connection with the development of a parking area and transit system to alleviate traffic problems in Queen Victoria Park. The total cost of this program, which will extend over a period of years is estimated to be $10,000,000. As at October 31, 1982 $1,416,784 has been expended on the program (October 31, 1981 – $1,308,921). The Commission has earmarked $6,500,000 which has been invested for eventual use toward this capital program (October 31, 1981 – $4,700,000). The funds are invested in short term bank deposits, however the annual allocation, if any, is determined independently of the interest earned.

4. MORTGAGE PAYABLE

The mortgage payable bears interest at 5¾% and requires annual principal payments of $2,000 until March 1, 1986. The mortgage is secured by land with a carrying value of $70,000.

5. EXPROPRIATION

The Commission settled the claim pending for compensation for lands expropriated by the Commission. The amount reflected in schedule 7 includes the legal expenses of both parties.

6. TRUST FUNDS

The Commission administers trust funds for the perpetual care of a cemetery plot at Drummond Hill Cemetery. As at October 31, 1982 these funds totalled $5,236 (October 31, 1981 – $4,631). These funds are not included in the financial statements.

7. COMPARATIVE FIGURES

Certain comparative figures on schedules 5 and 7 have been reclassified to conform with the 1982 presentation.

NORTHERN ONTARIO DEVELOPMENT CORPORATION
(Incorporated without share capital under the Development Corporations Act)

Balance Sheet
as at March 31, 1983

Assets

	1983	1982
	$	$
Cash	3,132,009	2,736,695
Short term deposit	1,489,281	1,513,161
Account receivable	–	23,943
Loans receivable		
Term, regular (note 7)	26,979,015	28,471,766
Term, Ontario Business Incentives Program (note 7)	30,723,666	31,420,189
Performance, subject to forgiveness	229,323	237,865
Ontario Industrial Parks Program	–	202,066
Flood Relief Loan Program	251,682	319,504
Board of Industrial Leadership and Development (BILD)	292,679	42,400
Northern Ontario Rural Development Agreement (note 5)	1,121,469	57,000
St. Joseph's Heritage (note 4)	1,248,000	1,200,000
Net investment in lease (note 2)	370,057	371,963
Land and building held for sale (note 3)	131,528	131,528
	65,968,709	66,728,080

Liabilities and Retained Earnings

Advances from the Province of Ontario		
Performance loans, subject to forgiveness	227,873	236,407
Other (note 7)	58,151,232	61,427,953
	58,379,105	61,664,360
Due to Ontario Development Corporation		
Ontario Industrial Parks	–	196,730
BILD	234,400	–
St. Joseph's Heritage (note 4)	1,200,000	1,200,000
Deferred revenue		
Northern Ontario Rural Development Agreement (note 5)	1,550,000	–
Total liabilities	61,363,505	63,061,090
Retained earnings	4,605,204	3,666,990
	65,968,709	66,728,080

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1983

	1983 $	1982 $
Revenue		
Interest	3,921,380	3,940,721
Financing and rental income	36,344	57,108
	3,957,724	3,997,829
Expense		
Interest	6,258,939	5,811,216
Administration (Schedule)	720,014	633,620
Performance loan forgiveness	6,250	760,845
Term loans written off (note 1b)	1,974,190	2,796,575
Guaranteed loans paid (note 1b)	45,788	101,666
Guarantee interest subsidy	8,368	–
	9,013,549	10,103,922
Loss before recoveries from the Province of Ontario	5,055,825	6,106,093
Recoveries from the Province of Ontario		
Interest expense	3,239,429	2,612,000
Administration	720,014	633,620
Performance loan forgiveness	6,250	760,845
Term loans written off	1,974,190	2,796,575
Guaranteed loans paid	45,788	101,666
Guarantee interest subsidy	8,368	–
	5,994,039	6,904,706
Net income for the year	938,214	798,613

Statement of Retained Earnings
for the year ended March 31, 1983

Balance, beginning of year	3,666,990	2,868,377
Net income for the year	938,214	798,613
Balance, end of year	4,605,204	3,666,990

Administration Expenses
for the year ended March 31, 1983
(note 1c)

SCHEDULE

	1983 $	1982 $
Salaries and staff benefits	513,690	478,487
Transportation and communication	112,297	100,300
Services	91,257	52,754
Supplies and equipment	2,770	2,079
	720,014	633,620

See accompanying notes to financial statements.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Loans receivable

Loans are disbursed by the Corporation under section 12(1) of the Development Corporations Act.

Under section 19a of the Act, as amended, the Corporation is authorized to act as agent for the Province in respect of programs, projects or other matters undertaken for the advancement of industrial or economic development.

In accordance with the Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporation.

(b) Loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Administration Expenses

These expenses are reflected on a modified cash basis as followed by the Province. These expenses do not include certain administrative expenses absorbed by Ontario Development Corporation.

Equipment purchases for general office use are charged to supplies and equipment in the year of acquisition.

2. NET INVESTMENT IN LEASE

The Corporation owns property which is leased to a client with an option to purchase. The Corporation's net investment in the lease is composed of total minimum lease payments less unearned finance income:

	1983	1982
	$	$
Total minimum lease payments receivable, including renewals, to March 1, 2000 (1982 – June 30, 2002)	667,602	853,545
Less: unearned finance income	(297,545)	(481,582)
	370,057	371,963

Due to the financial problems experienced by the lessee, a 12 month moratorium on lease payments was granted and the term of the lease was renegotiated with payments to recommence June 1, 1983.

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

3. LAND AND BUILDING HELD FOR SALE

This acquisition arose as a result of the Corporation taking possession of the security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

4. ST. JOSEPH'S HERITAGE

Funds were provided by the Ministry of Health and loaned to St. Joseph's Heritage, a medical and commercial centre, by the Northern Ontario Development Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan. Interest accrues on principal of $400,000 until April 1992. Subsequent to that date, the full advance is due and payable on demand and interest accrues on the entire outstanding balance from that time.

5. NORTHERN ONTARIO RURAL DEVELOPMENT AGREEMENT

The Northern Ontario Rural Development Agreement is an incentive program designed to aid small businesses by providing interest free forgivable loans to new and existing small businesses in Northern Ontario. It is jointly funded by the Governments of Canada and Ontario under the Northern Rural Development Subsidy Agreement.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgivable loans and avoids distorting the results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements – Concluded
March 31, 1983

6. WHOLLY OWNED SUBSIDIARIES, NOT CONSOLIDATED

During fiscal 1981-82, the Corporation wrote off performance loans and term loans advanced to Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary, in the amount of $452,000 and $1,349,430, respectively. The reported loss of this subsidiary for the year ended March 31, 1983 amounted to $100,877 (1982 – $303,727) and the reported deficit was $1,250,666 (1982 – $1,149,789).

The Corporation also owns, on behalf of the Province of Ontario, all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation's investment in these wholly-owned subsidiaries was written off in 1975-76. During the current fiscal year, a major renovation of the main lodge continued and the accounts of these subsidiaries are still in the process of being finalized. For the year ended March 31, 1982, the reported losses of these subsidiaries was $1,019,084 of which $848,000 related to interest expense. The deficit of these two subsidiaries as at March 31, 1982 was $6,552,117 and the contributed surplus was $681,858.

On March 10, 1983, non interest bearing debentures in the amount of $25,000,000 payable on demand were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the former Ministry of Industry and Tourism, the Ministry of Tourism and Recreation and the Corporation to these wholly-owned subsidiary companies. The Corporation has not recorded these debentures in the accounts.

These debentures replace the $4,000,000 and $5,000,000 debentures payable on demand and bearing interest at the rate of 9½ per cent per annum which were issued July 18, 1978 by Minaki Lodge Resort Ltd. and Minaki Development Company Limited.

The Corporation has not consolidated these subsidiaries as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporation.

7. RECLASSIFICATION

Previously term loans and advances from the Province were net of an allowance for doubtful loans. Since the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written off, both term loans and advances have been reclassified to exclude any allowance. Had an allowance for doubtful loans been set up, the Corporation estimates that $5,600,000 (1982 – $4,600,000) would have been recorded.

8. CONTINGENT LIABILITIES

(a) As at March 31, 1983 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $5,607,000 (1982 – $9,217,000).

(b) A legal action claiming aggregate damages of $4,500,000 plus interest has been instituted against the Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation is of the opinion that the claim is without merit.

9. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1983 amounted to $12,500,000 (1982 – $9,758,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $1,962,000 (1982 – $4,494,000).

10. SUBSEQUENT EVENT

(a) On July 5, 1983, the Thunder Bay Ski Jumps Limited acquired the assets used in the operation of the Sundance Ski Area including land leased in previous years for the ski jumping facilities for the following consideration:

Cash (funded by advances from Ministry of Tourism and Recreation)	$539,704
Assumption of debts payable to Northern Ontario Development Corporation	337,844
	$877,548

(b) On July 15, 1983, Minaki Lodge was officially re-opened. The Radisson Hotel Corporation now manages Minaki on behalf of the Corporation.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

To the Northern Ontario Development Corporation and
to the Minister of Industry and Trade.

I have examined the balance sheet of Northern Ontario Development Corporation as at March 31, 1983 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

D. F. Archer

Toronto, Ontario,
August 10, 1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO DEVELOPMENT

(Incorporated under the

Assets	Balance as at March 1983 $	1982 $
Cash	13,134,308	22,252,250
Short term deposits	20,700,187	11,000,000
Accounts receivable	300,897	397,389
Due from Northern Ontario Development Corporation		
Ontario Industrial Parks Program	–	196,730
St. Joseph's Heritage	1,200,000	1,200,000
Board of Industrial Leadership and Development (BILD)	234,400	–
Due from Eastern Ontario Development Corporation		
Ontario Industrial Parks Program	2,915,291	3,095,822
BILD	2,915,000	2,000,000
Ontario Land Corporation	451,418	469,591
Loans receivable		
Term, regular (note 6)	54,833,145	59,308,205
Term, Ontario Business Incentives Program (note 6)	41,846,612	40,756,246
Performance, subject to forgiveness	538,437	1,192,605
Employment Development Fund	18,701,892	18,629,106
BILD	17,797,037	2,632,714
Ontario Industrial Parks Program	1,493,988	246,800
Flood Relief Loan Program	252,489	261,074
Rural Ontario Development Program	486,400	66,100
Long term investment (note 2)	440,200	–
Fixed assets, less accumulated depreciation (note 3)	4,439,247	4,233,277
Serviced land at Sheridan Park, at cost (note 1c)	217,510	215,089
	182,898,458	168,152,998

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

CORPORATION

Development Corporations Act)

Sheet
31, 1983

Liabilities	1983	1982
	$	$
Accounts payable and accrued charges	127,735	9,617
Deposits and trust accounts	780,098	137,701
Note payable – Ontario Land Corporation	451,418	666,321
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	622,227	1,277,648
Other (note 6)	135,287,996	127,666,314
Ministry of Health		
St. Joseph's Heritage	1,200,000	1,200,000
	138,469,474	130,957,601
Shareholder's Equity		
Share capital – authorized and issued		
7,000 shares with a par value of $1,000 each	7,000,000	7,000,000
Reserve for replacement of buildings (note 4)	–	700,000
Retained earnings	37,428,984	29,495,397
	44,428,984	37,195,397
	182,898,458	168,152,998

To the Ontario Development Corporation and
to the Minister of Industry and Trade

I have examined the balance sheet of Ontario Development Corporation as at March 31, 1983 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

D. F. Archer

Toronto, Ontario,
August 16, 1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1983

	1983 $	1982 $
Revenue		
Interest	10,531,932	9,875,822
Net income on Industrial Parks Operations (Schedule I)	698,000	952,408
	11,229,932	10,828,230
Expense		
Interest	8,290,265	8,592,543
Administration (Schedule II)	4,496,591	4,327,561
Performance loan forgiveness	684,227	1,001,414
Term loans written off (note 1b)	3,994,100	2,731,428
Payments on guaranteed bank loans (note 1b)	4,128,990	4,865,694
Guarantee interest subsidy	63,350	–
Grant (note 5)	100,000	–
	21,757,523	21,518,640
Loss before recoveries from the Province of Ontario	10,527,591	10,690,410
Recoveries from the Province of Ontario		
Interest expense	4,293,920	3,998,000
Administration	4,496,591	4,327,561
Performance loan forgiveness	684,227	1,001,414
Term loans written off	3,994,100	2,731,428
Payments on guaranteed bank loans	4,128,990	4,865,694
Guarantee interest subsidy	63,350	–
Grant	100,000	–
	17,761,178	16,924,097
Net income for the year	7,233,587	6,233,687

Statement of Retained Earnings
for the year ended March 31, 1983

Balance, beginning of year	29,495,397	23,261,710
Net income for the year	7,233,587	6,233,687
Transfer from replacement of buildings reserve (note 4)	700,000	–
Balance, end of year	37,428,984	29,495,397

See accompanying notes to financial statements.

ONTARIO DEVELOPMENT CORPORATION

SCHEDULE I

Statement of Industrial Parks Operations
for the year ended March 31, 1983
(note 1g)

	1983 $	1982 $
Income		
Rental and utility charges	3,109,336	2,873,826
Interest	627,170	826,046
	3,736,506	3,699,872
Expense		
Salaries and staff benefits	1,117,805	1,108,655
Maintenance and administration	785,725	822,612
Depreciation (note 1b)	963,856	782,569
Interest expense	59,046	53,893
Bad debt expense (recovery)	112,074	(20,265)
	3,038,506	2,747,464
Net income for the year	698,000	952,408

SCHEDULE II

Administration Expenses
for the year ended March 31, 1983
(note 1f)

	1983 $	1982 $
Salaries and staff benefits	3,782,725	3,370,688
Transportation and communication	251,715	237,230
Services	304,165	539,294
Supplies and equipment	157,986	180,349
	4,496,591	4,327,561

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 1983

1. Significant Accounting Policies

(a) Loans receivable

Loans are disbursed by the Northern Ontario Development Corporation and the Eastern Ontario Development Corporation under section 12(1) of the Development Corporations Act.

Under section 19a of the Act, as amended, the Corporations are authorized to act as agent for the Province in respect of programs, projects or other matters undertaken for the advancement of industrial or economic development.

In accordance with the Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporations.

(b) Loans written off and guaranteed loans paid.

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements – Continued
March 31, 1983

(c) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(d) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment.

(e) Long term investment

The Corporation accounts for its investment in which it has significant influence on the equity basis.

(f) Administration expenses

These expenses are reflected on a modified cash basis as followed by the Province. Certain administrative costs were incurred on behalf of Northern Ontario Development Corporation and Eastern Ontario Development Corporation

(g) Industrial Parks Operations

Revenues and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. LONG TERM INVESTMENT

The Corporation owns on behalf of BILD a 20 per cent equity interest in Allelix Inc., a joint venture with Canada Development Corporation (50 per cent) and John Labatt Ltd. (30 per cent), which will carry out basic and applied research in industrial and agricultural applications of biotechnology.

Transaction during the year consisted of:

Common shares acquired	
200 shares, at cost	$ 200
Research contributions	440,000
	$440,200

The Corporation has, as agent for BILD, loaned Canada Development Corporation and John Labatt Ltd. $9,800,000 to finance the construction of the research facility. This loan, including accrued interest, is included in BILD loans receivable.

3. FIXED ASSETS

Fixed assets are stated at acquisition cost and consist of:

	1983		1982	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	$	$	$	$
Land	341,514	–	341,514	–
Buildings and improvements	10,188,011	6,176,700	9,116,992	5,262,165
Equipment	548,749	462,327	449,941	413,005
	11,078,274	6,639,027	9,908,447	5,675,170
	6,639,027		5,675,170	
	4,439,247		4,233,277	

4. RESERVE FOR REPLACEMENT OF BUILDINGS

A $700,000 reserve for building replacement previously appropriated from retained earnings has been reclassified to retained earnings since the Corporation has decided that no major replacements nor renovations of buildings will be required in the near future.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements – Concluded
March 31, 1983

5. GRANT

The Ontario Science Centre anticipates building an International Science Circus consisting of high tech exhibits. This exhibit will travel, on a self-financing basis, to various countries in Asia. Total capital costs are estimated to be $600,000 of which the Ministry of Industry and Trade through the Corporation is funding $100,000.

6. RECLASSIFICATION

Previously term loans and advances from the Province were net of an allowance for doubtful loans. Since the Treasurer of Ontario reimburses the Corporations for all uncollectible loans written off, both term loans and advances have been reclassified to exclude any allowance. Had an allowance for doubtful loans been set up, the Corporation estimates that $10,700,000 (1982 – $9,200,000) would have been recorded.

7. CONTINGENT LIABILITIES

(a) As at March 31, 1983 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $48,563,000 (1982 – $39,983,000).

(b) A legal action claiming aggregate damages of $4,500,000 plus interest has been instituted against the Corporation and others by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation is of the opinion that the claim is without merit.

8. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1983 amounted to $79,888,000 (1982 – $59,460,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $16,048,000 (1982 – $35,062,000).

In connection with the investment in Allelix Inc., there is a commitment for additional construction loans of $5,200,000 and additional research contributions which will be financed by BILD of $14,600,000.

9. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1983 presentation.

THE ONTARIO EDUCATION CAPITAL AID CORPORATION

Incorporated without share capital under the Ontario Education Capital Aid Corporation Act

Balance Sheet as at March 31, 1983

ASSETS	1983	1982
	$	$
Cash	5,400	5,000
Accrued interest on investments	20,207,852	21,843,939
Long term investments, at cost (Schedule)	1,026,381,600	1,113,374,300
	1,046,594,852	1,135,223,239

LIABILITIES		
Accrued interest on advances	20,207,852	21,843,939
Advances from the Treasurer of Ontario	1,026,387,000	1,113,379,300
	1,046,594,852	1,135,223,239

See accompanying schedule and notes to financial statements.

Approved on behalf of the Corporation:

Member

Member

To The Ontario Education Capital Aid Corporation and
to the Treasurer of Ontario.

I have examined the balance sheet of The Ontario Education Capital Aid Corporation as at March 31, 1983 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and, in accordance with section 11 of the Ontario Education Capital Aid Corporation Act, to the Treasurer of Ontario.

Toronto, Ontario
May 4, 1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE ONTARIO EDUCATION CAPITAL AID CORPORATION

Statement of Revenue and Expenditure for the year ended March 31, 1983

	1983 $	1982 $
REVENUE		
Interest on investments	85,308,850	91,466,830
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	85,308,850	91,466,830

See accompanying schedule and notes to financial statements.

SCHEDULE

Long Term Investments in Municipal and School Board Debentures as at March 31, 1983

Analysis by Rate of Interest

Interest Rate %	Principal 1983 $	Principal 1982 $
Under 7.00	183,675,500	215,331,000
7.00-8.99	514,577,500	557,002,000
9.00-10.99	297,630,600	309,699,900
11.00-12.99	30,498,000	31,341,400
	1,026,381,600	1,113,374,300

Analysis by Year of Maturity

Years of Maturity March 31	Principal 1983 $	Principal 1982 $
1983	–	86,992,700
1984	92,276,700	92,276,700
1985	98,240,800	98,240,800
1986	103,973,500	103,973,500
1987	110,210,400	110,210,400
1988	103,256,900	–
1- 5 years	507,958,300	491,694,100
6-10 years	352,386,800	408,497,200
11-15 years	146,783,500	175,625,000
16-20 years	19,253,000	37,558,000
	1,026,381,600	1,113,374,300

Notes to Financial Statements March 31, 1983

1. INTEREST ON ADVANCES

Pursuant to Order in Council 582/78, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the net interest revenue for the fiscal year.

2. ADMINISTRATION EXPENSE

The cost of administration has been paid by the Province of Ontario.

3. COMPARATIVE FIGURES

Comparative figures in Schedule for 1982 have been reclassified where necessary to conform with 1983 presentation.

4. LONG TERM INVESTMENTS

The Corporation has not purchased any new debentures since April 1, 1980. Existing debentures will be fully retired by the year 2000.

ONTARIO EDUCATIONAL SERVICES CORPORATION
(Incorporated under the Business Corporations Act)

Balance Sheet
as at March 31, 1983

ASSETS	1983 $	1982 $ (note 2)
Cash	29,471	161,963
Term deposit (note 7)	327,000	–
Accounts receivable and accrued interest (note 7)	986,254	14,048
Contracts in process (note 1c)	427,156	6,424
Prepaid expenses	1,097	–
	1,770,978	182,435
LIABILITIES		
Accounts payable and accrued liabilities	71,502	20,401
Due to Ministry of Education (note 5)	457,000	–
Malaysian Fellowship Trust Fund (note 6)	14,864	58,817
Unearned revenue (note 8)	1,125,601	75,520
Provision for holdback (note 9)	32,047	–
	1,701,014	154,738
SHAREHOLDER'S EQUITY		
Share capital		
Authorized –		
2,000,000 common shares without nominal or par value		
Issued and fully paid –		
1 common share (note 10)	1	1
Retained earnings	69,963	27,696
	69,964	27,697
	1,770,978	182,435

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ONTARIO EDUCATIONAL SERVICES CORPORATION

Statement of Operations and Retained Earnings for the year ended March 31, 1983

	1983 $	1982 $ (note 2)
Revenue		
Contract revenue (note 1b)	729,718	121,948
Less contract expenditure	702,358	105,511
	27,360	16,437
Administrative Expenses (note 11)		
Salaries and benefits	284,802	256,661
Transportation and communication	83,436	87,718
Services	20,568	17,343
Supplies and equipment	22,449	18,998
	411,265	380,720
Loss from operations	383,905	364,283
Other income	12,581	–
Contribution from Ministry of Education (note 4)	413,591	373,540
Net income for the year	42,267	9,257
Retained earnings – beginning of year as restated	27,696	18,439
Retained earnings – end of year	69,963	27,696

See accompanying notes to financial statements.

To the Ontario Educational Services Corporation and
to the Minister of Education and of Colleges and Universities.

I have examined the balance sheet of the Ontario Educational Services Corporation as at March 31, 1983 and the statement of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1(a) to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister of Education and of Colleges and Universities.

D. F. Archer

Toronto, Ontario
May 20, 1983

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO EDUCATIONAL SERVICES CORPORATION
Notes to Financial Statements
March 31, 1983

1. Significant Accounting Policies

(a) Basis of accounting
The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for fixed assets which are expensed when purchased.

(b) Revenue recognition
The percentage of completion method is used when the degree of completion can be objectively determined and related expenses can reasonably be estimated. When this is not possible the revenue is recognized on completion of the contract.

(c) Contracts in process
Contracts in process are valued at the lower of cost and net realizable value. Cost includes direct labour and other direct costs.

2. Restatement

In previous years the payroll costs of seconded employees were charged to the Corporation by the Ministry of Education. During the current year, the Ministry agreed to assume these costs commencing from the date of incorporation. The financial statements of the prior year have been restated to reflect this change in the treatment of payroll costs.

The effect on the 1981/82 operating statement is to change the loss of $229,183 to a net income of $9,257 and the deficit of $254,775 to retained earnings of $27,696. The 1982/83 net income increases by $270,291.

3. Sunset Clause

In accordance with an Order in Council, the Minister of Education shall make application to dissolve or voluntarily wind up the Corporation within three years after the date of incorporation, November 28, 1980, unless the Lieutenant Governor in Council directs by Order in Council, that the Corporation shall continue.

4. Contribution From Ministry of Education

The contribution from the Ministry of Education represents the payroll costs of $270,291 (1982 – $238,440) for the permanent employees of the Corporation, all of whom are seconded from the Ministry, and an operating grant of $143,300 (1982 – $135,100). In addition, office accommodation is provided without charge by the Ministry of Education.

5. Due to Ministry of Education

The Ministry provided $457,000 as temporary working capital pending receipt by the Corporation of payments from the Bahrain Defence Force regarding the establishment of a Technical Training School.

6. Malaysian Fellowship Trust Fund

The Corporation administers a trust fund, on behalf of the International Labour Organization (ILO), for payment of monthly allowances and travel expenses for fellowship training of 21 Malaysian students.

The opening balance in the fund at April 1, 1982 was $58,817. During the year ILO advanced $165,810 to the fund. Interest received was $1,369. Total student allowances and expenses for the year amounted to $211,132, thus leaving a balance due to the ILO of $14,864.

7. Bank Guarantee – Term Deposit

The contract with the Bahrain Defence Force for the establishment of a Technical Training School requires the Corporation to provide a bank guarantee for the down payment on the contract of $327,000. The bank required that a similar amount of funds be placed in a hypothecated term deposit until the expiry of the guarantee on August 15, 1983. $7,418 has been recognized as the interest accrued to March 31, 1983 on this deposit.

8. Unearned Revenue

Under the terms of the contracts with the Saudi Arabian Presidency of Civil Aviation and the Bahrain Defence Force amounts totalling $1,632,051 have been billed by the Corporation for service contracts for English Language Training and the establishment of a Technical Training School respectively. At year end these contracts were uncompleted; however $506,450 has been recognized as revenue. The balance remaining, $1,125,601 will be recognized as revenue as the contracts are completed.

ONTARIO EDUCATIONAL SERVICES CORPORATION
Notes to Financial Statements – Concluded
March 31, 1983

9. PROVISION FOR HOLDBACK

The amount of $32,047 has been held back from the supplier of English Language Training services under the Saudi Arabian Presidency of Civil Aviation project pending the satisfactory completion of the training program.

10. SHARE CAPITAL

The Corporation's share capital is held by the Minister of Education in trust for Her Majesty the Queen in Right of the Province of Ontario.

11. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration of the fourteen directors and five senior officers of the Corporation for the year ended March 31, 1983 was $241,148.

ONTARIO ENERGY

Consolidated December 31,

ASSETS	1982	1981
CURRENT ASSETS:		
Cash, short-term deposits and accrued interest	$13,054,569	$22,840,915
Accounts receivable	33,847	74,441
Due from affiliated companies	41,674	164,683
Due from Treasurer of Ontario	—	656,396
	13,130,090	23,736,435
INVESTMENTS (Note 2)		
Suncor Inc.	640,318,076	647,268,726
Trillium Exploration Corporation	6,113,012	—
Polar Gas	16,764,156	16,199,929
Other (Note 3)	6,757,936	5,678,578
DEFERRED PROJECT EXPENDITURES	253,469	350,057
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS	261,601	196,310
	$683,598,340	$693,430,035

Approved by the Board:

Malcolm Rowan
Director

G. A. Kitchen
Director

CORPORATION

Balance Sheet
1982

LIABILITIES	1982	1981
CURRENT LIABILITIES		
Accounts payable and accrued charges	$2,369,534	$1,587,247
Current portion of long-term debt (Note 4)	16,325,000	16,325,000
Due to Treasurer of Ontario	3,034,327	—
	21,728,861	17,912,247
LONG-TERM DEBT (Note 4)	617,987,500	634,312,500
	639,716,361	652,224,747
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 5)	23,333,650	15,000,000
RETAINED EARNINGS	20,548,329	26,205,288
	43,881,979	41,205,288
	$683,598,340	$693,430,035

To the Shareholder of
Ontario Energy Corporation:

We have examined the consolidated balance sheet of Ontario Energy Corporation as at December 31, 1982 and the consolidated statements of loss and retained earnings and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

Toronto, Canada
March 11, 1983

Chartered Accountants

ONTARIO ENERGY CORPORATION

Consolidated Statement of Loss and Retained Earnings
year ended December 31, 1982

	1982	1981
INTEREST INCOME	$ 2,904,542	$ 4,566,768
EXPENSES		
General and administrative expenses	1,957,356	2,028,547
Interest and bank charges (Note 4)	1,008,772	1,126,211
	2,966,128	3,154,758
(LOSS) INCOME BEFORE EQUITY ADJUSTMENT	(61,586)	1,412,010
EQUITY ADJUSTMENT IN INVESTMENTS	(5,595,373)	(1,172,735)
(LOSS) NET INCOME	(5,656,959)	239,275
RETAINED EARNINGS, BEGINNING OF YEAR	26,205,288	25,966,013
RETAINED EARNINGS, END OF YEAR	$20,548,329	$26,205,288

Consolidated Statement of Changes in Financial Position
year ended December 31, 1982

	1982	1981
SOURCES OF WORKING CAPITAL		
Operations		
(Loss) net income	$(5,656,959)	$ 239,275
Suncor dividends	10,435,020	–
Items not affecting working capital		
Equity in earnings of investments	(9,600,627)	1,172,735
Amortization and depreciation		
Suncor	15,196,000	–
Other	124,841	31,431
Working capital provided by operations	10,498,275	1,443,441
Share capital	8,333,650	–
Notes due to Sun Company, Inc.	–	325,000,000
Loan from Treasurer of Ontario	–	325,000,000
	18,831,925	651,443,441
USES OF WORKING CAPITAL		
Suncor investment	3,655,368	647,268,726
Trillium Exploration Corporation investment	6,113,012	–
Polar Gas investment	564,227	1,191,709
Other investments	6,503,731	5,474,645
Deferred project expenditures	(96,588)	177,853
Furniture, equipment and leasehold improvements	190,134	175,752
Reduction in long-term debt	16,325,000	16,325,000
	33,254,884	670,613,685
DECREASE IN WORKING CAPITAL	(14,422,959)	(19,170,244)
WORKING CAPITAL, BEGINNING OF YEAR	5,824,188	24,994,432
WORKING CAPITAL (DEFICIENCY), END OF YEAR	$(8,598,771)	$ 5,824,188

ONTARIO ENERGY CORPORATION

Notes to the Consolidated Financial Statements
December 31, 1982

1. Significant Accounting Policies

The Ontario Energy Corporation invests in, or otherwise participates in, energy projects throughout Canada with a view to enhancing the availability of energy in Ontario. The Corporation's involvement in its investments is in a financing rather than an operating role.

Basis of financial statement presentation

The consolidated financial statements include the accounts of the Ontario Energy Corporation and its subsidiaries except Trillium Exploration Corporation. Trillium is accounted for using the equity method because consolidating the accounts would not be more informative. Other investments are also accounted for using the equity method.

Investments of the Corporation engaged in oil and gas exploration activities use the full cost method of accounting.

Deferred project expenditures

Charges for services received in connection with continuing projects being investigated are initially reflected as deferred project expenditures. When an investment is made, the accumulated deferred project expenditures are treated in accordance with the applicable agreements. When management decides not to pursue a project the deferred project expenditures are charged to expense.

Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over a period of 60 months; leasehold improvements are amortized over the terms of the leases.

Income taxes

The Corporation and its wholly-owned direct subsidiaries and their wholly-owned subsidiaries are not subject to income tax so long as not less than 90% of the outstanding shares of the Corporation are held directly by the Province of Ontario. All of the Corporation's outstanding shares are presently held by the Province of Ontario.

Onexco Oil & Gas Ltd., which is a wholly-owned indirect subsidiary of the Corporation and holds a two-thirds interest in Trillium Exploration Corporation and a one-third interest in the Hudson Bay Exploration Joint Venture, is subject to income taxes.

2. Investments

Suncor Inc.

The Corporation owns 25% of the shares of Suncor Inc. which is accounted for using the equity method. The difference between the cost of the shares and the underlying net book value of Suncor Inc., which relates primarily to oil and gas reserves, is being amortized using the unit-of-production method.

Summarized financial information of Suncor Inc. is as follows:

Financial Position	1982	1981
	(in millions)	
Working capital	$ 173	$ 196
Total assets	1,936	1,763
Shareholders' equity		
Preferred	12	19
Common	1,067	1,050
	1,079	1,069
Operations		
Revenue	1,551	1,321
Net income	60	50
Dividends on common shares	42	78

Trillium Exploration Corporation

The Corporation has a two-thirds interest in Trillium which was formed in 1982 to explore for oil and gas in the frontier areas of Canada; Suncor Inc., which is owned 25% by the Corporation, owns the other one-third.

ONTARIO ENERGY CORPORATION

Notes to the Consolidated Financial Statements – Continued
December 31, 1982

The following is a summary of Trillium's financial position as at December 31, 1982:

Assets	
Current assets	$ 7,614,492
Properties, plant and equipment	2,802,250
	10,416,742
Liabilities	
Accounts payable and accrued liabilities	1,013,248
Shareholder advances	
Suncor	3,346,846
Ontario Energy Corporation	6,056,591
	10,416,682
Shareholders' equity	60
	$10,416,742

Trillium had no income or loss from operations for the period ended December 31, 1982 and because of its mandate to explore in the frontier no income or loss is expected for a number of years.

Trillium is eligible for maximum Petroleum Incentives Program grants of 80% of expenditures for the exploration for oil and gas in the frontier areas of Canada.

Polar Gas

The Corporation is one of five continuing participants in the Polar Gas Project, four of whom are presently providing funds, and accordingly bears 25% of the ongoing research costs and 33 1/3% of costs related to the application for regulatory approval. The purpose of the project is to determine the feasibility of constructing and operating facilities for the transmission of natural gas from areas in the Canadian Arctic to southern markets.

The Corporation is not obliged to continue to fund the project. Should it choose not to do so its investment would be retained but its degree of interest would be diluted.

In the event a company is formed to build and operate transmission facilities, the Corporation's interest would be convertible into equity or debt of such company. Alternatively, under certain circumstances the Corporation's investment may be repaid.

Other

The Corporation has invested in energy related projects of various types, many of which are in the developmental stage, and has made further commitments towards these projects aggregating approximately $2,200,000. In addition, the Corporation is required to spend a further $4,000,000 by September 30, 1983 to maintain certain project exploration rights.

The Corporation has guaranteed, to the extent of $758,800, the performance of an investee company.

3. Government Assistance

During 1982, the Corporation received government assistance from the following sources:

Government of Ontario assistance applied to reduce the interest expense on the notes due to Sun Company, Inc.	$ 48,052,700
Government of Ontario funding of the costs of a project	1,329,876
Ontario Mineral Exploration Program grant applied to reduce the cost of other investments	161,325
Government of Canada Petroleum Incentives Program grant applied to reduce the cost of other investments	1,081,481
	$2,572,682

4. Long-Term Debt

	1982	1981
Loan from Treasurer of Ontario	$ 562,500	$ 637,500
Notes due to Sun Company, Inc.	308,750,000	325,000,000
Due to Treasurer of Ontario	325,000,000	325,000,000
	634,312,500	650,637,500
Less portion due within one year	16,325,000	16,325,000
	$617,987,500	$634,312,500

ONTARIO ENERGY CORPORATION

Notes to the Consolidated Financial Statements – Concluded
December 31, 1982

The loan from the Treasurer of Ontario bears interest at 13.75% and is repayable in semi-annual instalments of $37,500.

The notes due to the Sun Company, Inc. are payable in 20 semi-annual instalments which commenced on June 15, 1982 of $8,125,000 for each of the first 10 instalments and $24,375,000 for each of the remaining ten instalments. Interest is payable semi-annually at the rate of 14.357%. The Treasurer of Ontario has stated that it is the intention of the Government of Ontario to ensure the Corporation has sufficient funds to pay the notes.

The amount due to the Treasurer of Ontario is a non-interest bearing demand loan. It is not the intention of the Treasurer of Ontario to demand payment of the loan in the forthcoming year.

Interest on long-term debt of $46,052,471 was incurred during the year of which $45,052,700 was recovered by way of assistance from the Government of Ontario (see Note 3).

5. SHARE CAPITAL

	1982	1981
Share capital		
Authorized		
2,000,000 common shares with no par value		
20,000,000 non-voting special shares with no par value		
Issued and fully paid		
2,000,000 common shares	$100,000,000	$100,000,000
Less		
1,533,327 (1981 – 1,700,000) common shares held in treasury, at cost	(76,666,350)	(85,000,000)
	$ 23,333,650	$ 15,000,000

During 1982, 166,673 shares held in treasury were resold for cash of $8,333,650.

6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid or payable for the year by the Corporation and its subsidiaries to its directors and senior officers amounted to $310,478. The salary of an officer of the Corporation was paid by the Province of Ontario.

ONTARIO HOUSING

Incorporated without the Ontario Housing

Balance December

ASSETS

	1982 ($000's)	1981 ($000's)
Accounts receivable	1,119	1,536
Operating funds due from the Province of Ontario (note 2)	61,980	62,333
Other assets	441	412
Mortgages and loans receivable	16,461	14,060
Land leased, at cost	2,308	2,308
Investment in properties		
Projects under development, at cost (note 3a)	6,497	11,948
Federal-Provincial housing, at cost, less accumulated amortization of $3,270; 1981 – $3,048	16,478	14,618
Student housing on leased land, at cost, less educational institutions' equity of $3,676; 1981 – $3,326 (note 3b)	64,214	64,976
Provincial housing, at cost, less accumulated amortization of $43,024; 1981 – $37,760	1,273,965	1,275,715
	1,443,463	1,447,903

See accompanying notes to financial statements.

On behalf of the Board

Vice-Chairman

General Manager

CORPORATION

**share capital under
Corporation Act**

**Sheet
31, 1982**

LIABILITIES

	1982 ($000's)	1981 ($000's)
Bank indebtedness	2,339	3,746
Accounts payable and accrued liabilities (note 4)	62,866	88,306
Mortgages and debentures (note 5)		
Canada Mortgage and Housing Corporation	1,191,203	1,196,150
Other	19,279	16,482
Capital indebtedness to the Treasurer of Ontario (note 5)	167,776	176,129
	1,443,463	1,447,903

To the Members, Ontario Housing Corporation, and
to the Minister of Municipal Affairs and Housing

I have examined the balance sheet of Ontario Housing Corporation as at December 31, 1982 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1982 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Ontario Housing Corporation Act, a report on the audit has been made to the Corporation and to the Minister of Municipal Affairs and Housing.

D.F. Archer

Toronto, Ontario,
May 6, 1983

D.F. Archer, F.C.A.,
Provincial Auditor

ONTARIO HOUSING CORPORATION

Statement of Operations
Year ended December 31, 1982

	1982 ($000's)	1981 ($000's)
LOSS ON HOUSING OPERATIONS		
Assisted housing operations		
Rental revenue	150,081	130,202
Expenses		
Property operating expenses	205,228	180,833
Grants in lieu of municipal taxes	60,384	54,138
Amortization (principal repayments and interest)	113,592	112,343
	379,204	347,314
Loss on assisted housing operations (note 6)	229,123	227,112
Loss on rent supplement operations (note 7)	38,593	35,528
	267,716	262,640
Less: Canada Mortgage and Housing Corporation share	137,700	134,717
	130,016	127,923
Provincial contributions to municipal housing projects (note 8)	10,944	9,902
Loss on rural and native housing program (note 9)	1,232	1,176
Loss on housing operations	142,192	139,001
OTHER REVENUE AND EXPENSES		
Interest revenue	(8,932)	(9,327)
Interest expense	7,988	9,442
Loss from disposal of real property	39	238
Administration expenses (Schedule)	1,269	1,771
Net other expenses (revenue)	364	(1,376)
NET OPERATING LOSS FOR THE YEAR	142,556	137,715
OPERATING FUNDS PROVIDED BY THE PROVINCE OF ONTARIO (note 2)	142,556	137,715

SCHEDULE

Administration Expenses
Year ended December 31, 1982

	1982 ($000's)	1981 ($000's)
Salaries and benefits	149	387
General and office expenses	214	149
Grants and other expenses	44	167
Administrative support services (note 10)	9,002	8,801
	9,409	9,504
Less: Recovery of administration expenses	8,140	7,733
	1,269	1,771

See accompanying notes to financial statements

ONTARIO HOUSING CORPORATION

Notes to Financial Statements
December 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles with the exception of investments in Provincial and Federal-Provincial properties (land and buildings) which are amortized over the terms of the corresponding indebtedness.

(b) Capitalization of Costs

Carrying charges for properties under development are capitalized and include interest, administration expenses and grants in lieu of municipal taxes.

(c) Self-Insurance

The Corporation follows the policy of self-insuring its Investment in Properties for property damage such as fire, water and vandalism. Costs of such repairs are charged to property operating expenses.

2. OPERATING FUNDS DUE FROM THE PROVINCE OF ONTARIO

The receivable of $62.0 million (1981 – $62.3 million) represents the balance due from the Province of Ontario for the current year's net operating loss less advances received to date.

3. INVESTMENT IN PROPERTIES

(a) Projects under development

Carrying charges for land under development were capitalized in the amount of $0.4 million (1981 – $1.1 million).

(b) Student housing on leased land

This investment represents building costs to provide student accommodation on land leased from 11 universities and colleges. These costs are being repaid semi-annually to the Corporation by the educational institutions over 50 years. When costs are fully repaid, the title to the properties will be transferred to the respective institutions. Rental and maintenance activities on these properties are administered by the institutions.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	1982 ($000's)	1981 ($000's)
Canada Mortgage and Housing Corporation	27,825	20,110
Other	35,041	35,286
	62,866	55,396

5. MORTGAGES, DEBENTURES AND CAPITAL INDEBTEDNESS

The Corporation borrows funds from Canada Mortgage and Housing Corporation (CMHC), the private sector and the Treasurer of Ontario to finance investments in real property. Such borrowings are repaid in accordance with agreement terms, over periods normally not in excess of 50 years.

Interest is payable to CMHC and the private sector at various rates based on individual agreements ranging from 4.25% to 15% – weighted average rate of 8.13% (1981 from 4.25% to 14.50% – weighted average rate of 8.09%), and interest is payable to the Treasurer of Ontario at the weighted average rate of 8.43% (1981 – 8.29%).

Estimated scheduled principal repayments over the next five years due for all long term debts are as follows:

	($000's)
1983	6,286
1984	6,751
1985	7,229
1986	7,742
1987	8,293
subsequent to 1987	1,341,957

6. LOSS ON ASSISTED HOUSING OPERATIONS

Under its assisted housing program, the Corporation essentially provides rental accommodation to families and senior citizens. The loss on this program is shared with Canada Mortgage and Housing Corporation.

7. LOSS ON RENT SUPPLEMENT OPERATIONS

Under its rent supplement programs, the Corporation provides rent-geared-to-income accommodation within the

ONTARIO HOUSING CORPORATION

Notes to Financial Statements – Concluded
December 31, 1982

private sector to applicants from its waiting list. The costs of these programs are shared with Canada Mortgage and Housing Corporation.

8. Provincial Contributions to Municipal Housing Projects

The Corporation contributed $10.9 million (1981 – $9.9 million) to The Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

9. Loss on Rural and Native Housing Program

This program, administered by Canada Mortgage and Housing Corporation, provides subsidized home ownership to families in rural areas. Mortgage payments are geared to owners' incomes. The subsidy is shared by Canada Mortgage and Housing Corporation and the Corporation.

10. Administrative Support Services

The Ministry of Municipal Affairs and Housing provides central administrative support services to the Corporation. The charge for such support services was determined on a basis acceptable to both the Ministry and the Corporation.

11. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

ONTARIO HYDRO

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada which, except for the change in accounting policy described under "Fixed assets", have been applied on a basis consistent with that of the preceding year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality and in the light of information available up to March 14, 1983. To assist the reader in understanding the financial statements, the Corporation's significant accounting policies are summarized below.

Rate-setting

Ontario Hydro has broad powers to generate, supply and deliver electric power throughout the Province of Ontario. The Corporation operates under the Power Corporation Act and is subject to provisions of the Ontario Energy Board Act.

Under the provisions of the Power Corporation Act, the price payable by customers for power is the cost of supplying the power. Such cost is defined in the Act to include the cost of operating and maintaining the system, depreciation, interest, and the amounts appropriated for debt retirement and stabilization of rates and contingencies. The debt retirement appropriation is the amount required under the Act to accumulate in 40 years a sum equal to the debt incurred for the cost of the fixed assets in service. The appropriation for, or withdrawal from, the stabilization of rates and contingencies reserve is an amount established to maintain a sound financial position and to stabilize the effect of cost fluctuations.

Under the provisions of the Ontario Energy Board Act, a public hearing before the Ontario Energy Board is required in respect of any changes in electricity rates proposed by Ontario Hydro which affect its municipal utilities, direct industrial customers, or, if the Minister of Energy so directs, rural retail customers. The Ontario Energy Board submits its recommendations to the Minister of Energy. After considering the recommendations of the Ontario Energy Board, the Board of Directors of Ontario Hydro under the authority of the Power Corporation Act establishes the electricity rates to be charged to customers. If the Board of Directors specifies a certain cost or gain is to be included in future electricity rates, that would otherwise be charged or credited to operations in the current year, then this cost or gain is deferred and amortized to future operations on a basis consistent with its inclusion in rates.

Fixed assets

Fixed assets are capitalized at cost which is comprised of material, labour and engineering costs, plus overheads, depreciation on service equipment and interest applicable to capital construction activities. In the case of generation facilities, cost also includes the net cost of commissioning, and for nuclear generation, the cost of heavy water. The net cost of commissioning is the cost of start-up less the value attributed to energy produced by generating units during their commissioning period. The cost of heavy water is the direct cost of production and applicable overheads, plus interest and depreciation on the heavy water production facilities. Leases which transfer the benefits and risks of ownership of assets to Ontario Hydro are capitalized.

Interest is capitalized on construction in progress at rates (1982 – 13.9% and 1981 – 11.5%) which approximate the average cost of long-term funds borrowed in the years in which expenditures have been made for fixed assets under construction. If the construction period of a project is extended and the construction activities are continued, interest is capitalized during the period of extension provided that the project has a reasonable expectation of completion. Prior to January 1, 1982, if it was decided to significantly extend the construction period of a project, interest was not capitalized on construction during the period of extension. This change has been applied on a prospective basis because of the nature of the environment in which Ontario Hydro establishes its electricity rates. The effect of this change on net income for the year ended December 31, 1982 is insignificant.

If a project is deferred and construction activities are halted, interest is not capitalized during the period of deferral. If a project is cancelled, or deferred indefinitely with a low probability of construction being resumed in the future, all costs, including the costs of cancellation, are written off to operations unless, in accordance with its rate-setting authority, the Board of Directors of Ontario Hydro specifies such costs be amortized as a cost of operations in future years for recovery through future electricity rates. If fixed assets are mothballed for future use, the associated mothballing costs are charged to operations.

Depreciation

Fixed assets in service are depreciated on a straight-line basis. Depreciation rates for the various classes of assets are based on their estimated service lives, which are subject to periodic review. Changes in service life estimates are implemented on a remaining service life basis from the year the change is reflected in electricity rates. The estimated service lives of assets in the major classes are:

Generation	– hydraulic	– 65 to 100 yrs.
	fossil	– 25 to 35 yrs. (1981 – 30 yrs.)
	nuclear	– 40 yrs. (1981 – 30 yrs.)
Heavy water		– over the period ending in the year 2040 (1981 – 2030)
Transmission and distribution		– 20 to 55 years
Administration and service		– 5 to 60 years
Heavy water production facilities		– 11 to 20 years (1981 – 20 yrs.)

ONTARIO HYDRO

In accordance with group depreciation practices, for normal retirements the cost of fixed assets retired is charged to accumulated depreciation with no gain or loss being reflected in operations. However, gains and losses on sales of fixed assets, and losses on premature retirements are charged to operations in the year incurred as adjustments to depreciation expense.

When the costs of removal less proceeds on retirement of fixed assets can be reasonably estimated and are significant, the amounts are charged to operations over the remaining service life of the fixed assets; otherwise the amounts are charged to operations in the year incurred as adjustments to depreciation expense. As a result of studies on the estimated costs of removal and expected proceeds on retirement of nuclear generating stations, commencing January 1, 1982, the estimated costs of decommissioning nuclear stations are charged to operations over their remaining service lives on an annuity basis. Changes in these estimated costs arising from periodic reviews are implemented on the remaining service life basis from the year the changes are reflected in electricity rates.

Fixed assets removed from service and mothballed for future use are amortized so that any estimated loss in value is charged to operations on a straight-line basis over their expected non-operating period.

Deferred projects are amortized so that any estimated loss in value is charged to operations on a straight-line basis over their expected deferral period. On disposal of component parts during the deferral period, the cost of fixed assets less proceeds on disposal are normally charged to accumulated amortization with no gain or loss being reflected in operations.

Unamortized advances for fuel supplies

As part of its program to ensure the adequate supply of fuels for its generating stations, Ontario Hydro has entered into long-term fuel supply contracts. Where these contracts require Ontario Hydro to make payments for pre-production costs to suppliers in advance of product delivery, these payments and associated costs, including interest, are carried in the accounts as unamortized advances for fuel supplies. The advances are amortized to fuel inventory as the fuels are delivered.

Fuel for electric generation

Fuel used for electric generation is comprised of the average inventory costs of fuel consumed, charges for commissioning energy produced, and provisions for disposal of nuclear fuel irradiated during the period. The inventory cost of fuel consumed is comprised of fuel purchases, transportation and handling costs, and the amortization of advances for fuel supplies. Transportation costs include charges for interest and depreciation on railway equipment owned by Ontario Hydro. The charges for commissioning energy produced during the period represent the incremental operating and fuel costs of producing the same quantity of energy at generating units displaced because of the commissioning activity. As a result of studies on the estimated costs of disposal of irradiated nuclear fuel, commencing January 1, 1982, the estimated costs for disposal of nuclear fuel irradiated in each period are charged to operations on an annuity basis. The estimated costs for disposal of fuel irradiated prior to January 1, 1982, are amortized to operations on an annuity basis over a ten year period. Changes in estimated costs resulting from periodic reviews are implemented from the year the changes are reflected in electricity rates.

Unamortized debt discount

Debt discounts or premiums arising on the issuance of debt are amortized over the period to maturity of the debt. In addition, redemption discounts or premiums on debt acquired prior to the date of maturity are amortized over the period from the acquisition date to the original maturity date of the debt.

Nuclear agreement – Pickering units 1 and 2

Ontario Hydro, Atomic Energy of Canada Limited and the Province of Ontario are parties to a joint undertaking for the construction and operation of units 1 and 2 of Pickering Nuclear Generating Station, with ownership of these units being vested in Ontario Hydro. Contributions to the capital cost by Atomic Energy of Canada Limited and the Province of Ontario amounted to $258 million and these have been deducted in arriving at the value of fixed assets in service in respect of Pickering units 1 and 2. Ontario Hydro is required to make monthly payments until the year 2001 to each of the parties in proportion to their capital contributions. These payments, termed "payback", represent in a broad sense the net operational advantage of having the power generated by Pickering units 1 and 2 as compared with coal-fired units similar to Lambton units 1 and 2.

Foreign currency translation

Long-term debt payable in foreign currencies is translated to Canadian currency at rates of exchange at the time of issue. Current monetary assets and liabilities, including long-term debt payable within one year, are translated to Canadian currency at year-end rates of exchange and the resulting gains or losses, together with realized exchange gains or losses, are credited or charged to operations.

Pension plan

The pension plan is a contributory, defined benefit plan covering all regular employees of Ontario Hydro. The pension costs, as actuarially determined, include current service costs and amounts required to amortize any surpluses or unfunded liabilities. Pension plan surpluses or unfunded liabilities are amortized over a fifteen year period.

Research and development

Research and development costs are charged to operations in the year incurred, except for those related directly to the design or construction of a specific capital facility.

ONTARIO HYDRO

Statement of Financial Position
as at December 31, 1982

Assets	1982 $'000	1981 $'000
Fixed assets		
Fixed assets in service (note 6)	13,073,735	12,489,659
Less accumulated depreciation	3,186,729	2,787,400
	9,887,006	9,702,259
Construction in progress (note 6)	7,712,599	5,381,265
Deferred construction projects (note 10)	—	364,001
	17,599,605	15,447,525
Current assets		
Cash and short-term investments (note 7)	452,200	408,441
Accounts receivable	364,277	373,309
Fuel for electric generation (note 8)	801,842	681,320
Materials and supplies, at cost	199,489	157,421
	1,817,808	1,620,491
Other assets		
Unamortized advances for fuel supplies (note 9)	758,823	596,824
Unamortized deferred costs (note 10)	394,793	—
Unamortized debt discount	58,893	72,785
Long-term accounts receivable and other assets	90,910	91,996
	1,303,419	761,605
	20,720,832	17,829,621

See accompanying summary of significant accounting policies and notes to financial statements.

Auditors' Report

We have examined the statement of financial position of Ontario Hydro as at December 31, 1982 and the statements of operations, equities accumulated through debt retirement appropriations, reserve for stabilization of rates and contingencies and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Ontario Hydro as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. Further, in our opinion, such principles, except for the change in accounting for interest capitalized when a construction project is extended as described in the summary of significant accounting policies, have been applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 14, 1983

CLARKSON GORDON
Chartered Accountants

ONTARIO HYDRO

Liabilities	1982 $'000	1981 $'000
Long-term debt		
Bonds and notes payable (note 11)	16,089,328	13,840,051
Other long-term debt (note 12)	241,159	260,300
	16,330,487	14,100,351
Less payable within one year	448,537	437,769
	15,881,950	13,662,582
Current liabilities		
Accounts payable and accrued charges	562,223	475,292
Short-term notes payable	112,949	97,200
Accrued interest	521,094	400,639
Long-term debt payable within one year	448,537	437,769
	1,644,803	1,410,900
Other liabilities		
Long-term accounts payable and accrued charges	80,753	66,486
Accrued irradiated fuel disposal and plant decommissioning costs (note 13)	75,644	—
	156,397	66,486
Contingencies (notes 6 and 14)		
Equity		
Equities accumulated through debt retirement appropriations	1,971,458	1,803,662
Reserve for stabilization of rates and contingencies	939,529	759,296
Contributions from the Province of Ontario as assistance for rural construction	126,695	126,695
	3,037,682	2,689,653
	20,720,832	17,829,621

On behalf of the Board:

Hugh Macaulay

Chairman

M. Nastich

President

Toronto, Canada
March 14, 1983.

ONTARIO HYDRO

Statement of Operations
for the year ended December 31, 1982

	1982 $'000	1981 $'000
Revenues		
Primary power and energy (note 1)		
Municipal utilities	1,907,752	1,800,129
Rural retail customers	575,784	545,760
Direct industrial customers	395,250	391,038
	2,968,786	2,736,927
Secondary power and energy (note 2)	418,844	424,581
	3,387,630	3,161,508
Costs		
Operation, maintenance and administration	853,569	764,712
Fuel used for electric generation	902,089	765,429
Power purchased	127,519	127,919
Nuclear agreement – payback	65,334	62,801
Depreciation (note 3)	347,779	324,596
	2,296,290	2,045,457
Income before financing charges	1,091,340	1,116,051
Interest (note 4)	672,503	657,490
Foreign exchange (note 5)	70,418	51,743
	742,921	709,233
Net income	**348,419**	**406,818**
Appropriation for:		
Debt retirement as required by the Power Corporation Act	168,015	152,766
Stabilization of rates and contingencies	180,404	254,052
	348,419	406,818

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Statement of Equities Accumulated through Debt Retirement Appropriations for the year ended December 31, 1982

	Municipal Utilities	Power District (Rural Retail and Direct Industrial Customers)	Totals	
			1982	1981
	$'000	$'000	$'000	$'000
Balances at beginning of year	1,265,705	537,957	1,803,662	1,651,937
Debt retirement appropriation	114,501	53,514	168,015	152,766
Transfers and refunds on annexations by municipal utilities	1,367	(1,586)	(219)	(1,041)
Balances at end of year	1,381,573	589,885	1,971,458	1,803,662

Statement of Reserve for Stabilization of Rates and Contingencies for the year ended December 31, 1982

	Held for the benefit of all customers	Held for the benefit of (or recoverable from) certain groups of customers			Totals	
		Municipal Utilities	Rural Retail Customers	Direct Industrial Customers	1982	1981
	$'000	$'000	$'000	$'000	$'000	$'000
Balances at beginning of year	761,463	1,144	(1,375)	(1,936)	759,296	505,645
Appropriation	186,709	127	(8,191)	1,759	180,404	254,052
Transfers and recoveries on annexations by municipal utilities	(45)	–	1	–	(44)	(288)
Payment to Ontario Municipal Electric Association (note 15)	–	(127)	–	–	(127)	(113)
Balances at end of year	948,127	1,144	(9,565)	(177)	939,529	759,296

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Statement of Changes in Financial Position
for the year ended December 31, 1982

	1982 $'000	1981 $'000
Source of Funds		
Operations		
Net income	338,419	406,818
Charges not requiring funds in the current year		
Depreciation	347,774	324,598
Provision for irradiated fuel disposal costs	96,708	
Other	28,229	19,985
	781,131	751,401
Financing		
Long-term debt		
Bonds and notes payable and other long-term debt issued	2,845,624	2,246,164
Less retirements	631,490	529,960
	2,214,134	1,716,204
Short-term notes payable — increase (decrease)	15,740	(47,325)
Cash and short-term investments — (increase)	(43,750)	(169,323)
	2,186,124	1,499,556
Accounts payable and accrued interest — increase	207,386	136,752
Long-term accounts payable and accrued charges — increase	14,267	16,824
Accounts receivable and other assets — decrease (increase)	16,333	(3,188)
	3,205,241	2,400,963
Application of Funds		
Net additions to fixed assets (note 16)	2,883,030	2,144,210
Unamortized advances for fuel supplies — increase	161,999	182,719
Fuel, materials and supplies — increase	160,213	74,034
	3,205,241	2,400,963

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Notes to Financial Statements

1. Primary power and energy

Under an amendment to the Power Corporation Act, commencing in 1982, Ontario Hydro is required to reduce the expected differential in each year between rural retail and municipal utility residential rates to 15 per cent. In 1982, discounts amounting to $33 million were provided to rural residential customers and recovered from primary customers. In 1981, discounts amounting to $20 million were recovered from the Province of Ontario and included in rural retail revenues.

2. Secondary power and energy

Secondary power and energy is comprised mainly of revenues of $418 million in 1982 (1981 – $423 million) from sales of electricity to United States utilities.

3. Depreciation

	1982 $'000	1981 $'000
Depreciation of fixed assets in service	452,189	382,475
Amortization of deferred construction projects	15,508	16,323
Provision for plant decommissioning costs	14,000	–
Costs of removal less salvage proceeds on retirements	7,508	4,054
	489,205	402,852
Less:		
Depreciation charged to – heavy water production	108,754	50,672
– construction in progress	23,733	21,308
– fuel for electric generation	2,387	2,266
Net gains on sales of fixed assets	6,552	4,010
	141,426	78,256
	347,779	324,596

Depreciation of fixed assets in service includes $15 million (1981 – $13 million) for the amortization of non-operating generating units which have been mothballed. (See note 6.)

4. Interest

	1982 $'000	1981 $'000
Interest on bonds, notes, and other debt	1,702,607	1,369,933
Interest on accrued irradiated fuel disposal and plant decommissioning costs	4,936	–
	1,707,543	1,369,933
Less:		
Interest charged to – construction in progress	758,622	472,506
– heavy water production	127,042	96,537
– unamortized advances for fuel supplies	53,792	43,429
– fuel for electric generation	28,116	15,196
Interest earned on investments	67,468	84,685
	1,035,040	712,443
	672,503	657,490

5. Foreign exchange

	1982 $'000	1981 $'000
Exchange loss on redemption and translation of foreign long-term debt	66,317	40,742
Net exchange loss on other foreign transactions	4,101	11,001
	70,418	51,743

ONTARIO HYDRO

6. Fixed assets

	1982			1981		
	$'000			$'000		
	Assets in Service	Accumulated Depreciation	Construction in Progress	Assets in Service	Accumulated Depreciation	Construction in Progress
Generation — hydraulic	1,788,915	452,983	26,804	1,747,548	421,769	8,484
— fossil	2,797,302	804,473	302,697	2,570,429	717,330	407,132
— nuclear	1,980,220	366,665	5,878,104	1,902,932	309,830	4,050,144
Heavy water	984,107	85,964	1,028,890	980,670	77,264	964,022
Transmission and distribution	3,983,425	932,118	297,825	3,680,084	852,513	302,254
Administration and service	667,011	268,271	65,364	602,968	234,781	40,250
Heavy water production facilities	1,388,898	276,265	23,352	1,386,091	173,895	
	13,073,738	3,186,729	7,712,580	12,870,722	2,786,382	5,381,286

Five units at the R. L. Hearn Generating Station and four units (1981 — two units) at the Lennox Generating Station are mothballed. The capital cost and accumulated depreciation of these non-operating units, amounting to $862 million and $162 million, respectively (1981 — $268 million and $89 million, respectively), are included in fossil generation assets in service. At this time it is uncertain if, or when, these units will resume operation.

Construction in progress at December 31, 1982 is comprised of:

	Remaining Number of Units Scheduled	Planned In-Service Dates	Dependable Capacity to be Placed in Service	Costs Incurred to December 31, 1982	Estimated Costs to Complete (Excluding Escalation and Interest)
			MW	$ millions	$ millions
Nuclear generating stations (including heavy water)					
Pickering "B"	4	1983-85	2,064	2,812	330
Bruce "B"	4	1984-87	3,000	3,048	1,200
Darlington	4	1988-92	3,524	771	4,120
Fossil generating stations					
Atikokan	1	1984	206	361	170
All other construction in progress				724	
				7,713	

The above estimates are the most recent forecasts as of March 14, 1983. These estimates exclude cost escalation and interest which are forecast to average 10.0% and 14.2% per year, respectively, over the period 1983 to 1992. Because of the uncertainties associated with long construction lead times and planned in-service dates, these costs to complete are subject to change.

7. Cash and short-term investments

	1982	1981
	$'000	$'000
Cash and interest bearing deposits with banks and trust companies	431,459	293,098
Corporate notes	5,278	76,285
Government and government-guaranteed securities	15,463	39,057
	452,200	408,441

Corporate notes were recorded at cost which approximates market value. Government and government-guaranteed securities were recorded at the lower of cost or market value; market value as at December 31, 1982 was $17 million (1981 — $39 million).

8. Fuel for electric generation

	1982	1981
	$'000	$'000
Inventories — coal	480,268	488,038
— uranium	280,177	154,977
— oil	11,397	38,295
	801,842	681,320

ONTARIO HYDRO

9. Unamortized advances for fuel supplies

	1982	1981
	$'000	$'000
Coal	113,010	111,576
Uranium	645,813	486,248
	758,823	598,824

Based on present commitments, additional advance payments for fuel supplies will total approximately $149 million over the next five years, including approximately $95 million in 1983.

10. Unamortized deferred costs

	1982	1981
	$'000	$'000
Bruce Heavy Water Plant "D"	353,393	
Wesleyville Generating Station	41,400	
	394,793	

Bruce Heavy Water Plant "D"

As a result of recent forecasts projecting reduced heavy water production requirements, the Board of Directors decided that effective December 31, 1982, Bruce Heavy Water Plant "D" be considered an indefinitely deferred project with a low probability of construction being resumed in the future. Furthermore, the Board specified that the amortization of the capital cost of this project continue at an annual rate of 4% in 1983, and the unamortized cost as at January 1, 1984 be amortized for recovery through rates at an annual rate of 10% over the period 1984 to 1993. This unamortized cost was included in deferred construction projects as at December 31, 1981.

Wesleyville Generating Station

As a result of a recent review, the estimated value of the remaining assets of the Wesleyville Generating Station project was reduced by $41 million, effective December 31, 1982. Furthermore, the Board of Directors specified that the $41 million be amortized for recovery through rates at an annual rate of 10% over the period 1984 to 1993. This unamortized cost was included in construction in progress as at December 31, 1981.

11. Bonds and notes payable

Bonds and notes payable, expressed in Canadian dollars, are summarized by years of maturity and by the currency in which they are payable in the following table:

Years of maturity	1982 Principal Outstanding $'000			1982 Weighted Average Coupon Rate	1981 Principal Outstanding $'000	1981 Weighted Average Coupon Rate
	Canadian	Foreign	Total		Total	
1982					419,561	
1983	178,399	250,248	428,647		372,949	
1984	99,277	111,697	210,974		214,173	
1985	564,117	290,978	855,095		858,143	
1986		148,982	148,982		148,118	
1987	721,411	199,287	920,698			
1-5 years	1,563,204	998,192	2,561,396	10.8%	2,012,944	9.0%
6-10 years	424,823	2,384,875	2,809,698	12.9	1,438,805	11.7
11-15 years	670,074	373,247	1,043,321	8.1	890,081	8.3
16-20 years	2,542,616	559,828	3,102,444	11.3	2,957,761	10.7
21-25 years	1,407,807	1,307,806	2,715,613	9.8	2,454,611	9.6
26-30 years	1,706,000	2,150,856	3,856,856	11.8	4,086,849	10.8
	8,314,524	7,774,804	16,089,328	11.0	13,840,051	10.3
Currency in which payable:						
Canadian dollars			8,314,524		7,522,271	
United States dollars			7,653,712		6,185,064	
West German Deutsche marks			64,368		75,992	
Swiss francs			56,724		56,724	
			16,089,328		13,840,051	

ONTARIO HYDRO

The bonds and notes payable in United States dollars include $5,108 million (1981 — $4,802 million) of Ontario Hydro bonds held by the Province of Ontario and having terms identical with Province of Ontario issues sold in the United States on behalf of Ontario Hydro. Except for these bonds and $1,000 million (1981 — $1,000 million) of bonds issued to the Province of Ontario with respect to Canada Pension Plan funds advanced to Ontario Hydro, all bonds and notes payable are guaranteed as to principal and interest by the Province of Ontario.

The long term bonds and notes payable in foreign currencies are translated into Canadian currency at rates of exchange at time of issue. If translated at year end rates of exchange, the total amount of these liabilities would have to be increased by $838 million at December 31, 1982 (1981 — $681 million).

12. Other long-term debt

	1982	1981
	$'000	$'000
The balance due to Atomic Energy of Canada Limited for the purchase of Bruce Heavy Water Plant "A". Under the purchase agreement, Ontario Hydro pays equal monthly instalments of blended principal and interest to December 28, 1992, with interest at the rate of 7.5%	17[illegible]	18[illegible]
Capitalized lease obligation for the head office building at 700 University Avenue, Toronto. The lease obligation is for the 30-year period ending September 30, 2005, payable in United States dollars at an effective interest rate of 8%	41,310	41,880
Capitalized lease obligations for transport and service equipment. Under these agreements, monthly instalments of blended principal and interest will be paid to 1988, at effective interest rates ranging from 6.8% to 18.2%	24,014	[illegible]
	241,[illegible]	260,[illegible]

Payments required on the above debt, excluding interest, will total $99 million over the next five years. The amount payable within one year is $20 million (1981 — $18 million).

13. Accrued irradiated fuel disposal and plant decommissioning costs

	1982	1981
	$'000	$'000
	(as restated)	
Accrued irradiated fuel disposal costs	13,[illegible]	
Accrued plant decommissioning costs	[illegible]	
	[illegible],644	

Irradiated fuel disposal costs

Studies have been carried out to estimate the costs to be incurred for the disposal of irradiated nuclear fuel. The significant assumptions used in estimating the future irradiated fuel disposal costs were:

- an in-service date of the year 2000 for irradiated nuclear fuel disposal facilities;
- a transportation distance of 1,000 kilometres from nuclear generating facilities to disposal facilities; and
- interest and escalation rates through to the disposal date averaging 9.2% and 7.3% respectively.

Because of the uncertainties associated with the technology of disposal and the above factors, these costs are subject to change.

Plant decommissioning costs

Studies have been carried out to estimate the costs of decommissioning a nuclear generating station. The significant assumptions used in estimating the future decommissioning costs were:

- decommissioning on the deferred dismantlement basis (dismantlement following storage with surveillance for a 30-year period after shutdown of the reactors);
- a transportation distance of 1,000 kilometres from nuclear generating facilities to disposal facilities; and
- interest and escalation rates through to the completion of decommissioning averaging 8.0% and 6.6% respectively.

Because of the uncertainties associated with the technology of decommissioning and the above factors, these costs are subject to change.

14. Fuel used for electric generation

Ontario Hydro has contracted with Petrosar Limited for the purchase of 20,000 barrels of resadual fuel oil per day through to April 1992. Deliveries in 1982 were 2% (1981 — 6%) of the contract quantities. Amounts have been charged to the costs of operations to provide for settlement with respect to reduced deliveries to date. Petrosar has commenced actions claiming damages for failure to take the contract quantities in 1981 and claiming compensation payments in respect of the failure to take the contract quantities in 1982. Ontario Hydro is defending these actions.

ONTARIO HYDRO

15. Payment to Ontario Municipal Electric Association

The amount of this payment is equivalent to interest on the balance held for the benefit of Municipal Utilities in the Reserve for Stabilization of Rates and Contingencies.

16. Net additions to fixed assets

Net additions to fixed assets are capital construction expenditures less the proceeds on sales of fixed assets. The proceeds on sales of fixed assets in 1982 and 1981 were insignificant. For 1983, net additions to fixed assets are estimated to be $3,176 million.

17. Pension plan

The most recent actuarial valuation of Ontario Hydro's pension plan as at December 31, 1981 reported a surplus of approximately $28 million (December 31, 1980 — $17 million).

The significant actuarial assumptions used in the 1981 valuation (1980 valuation) were:

- rate used to discount future investment income 8.5% (1980 — 8.5%) and future benefits 8% (1980 — 8%);
- salary escalation rate 8% (1980 — 8%);
- average retirement age for males 61.4 (1980 — 61.8) and for females 61.3 (1980 — 60.8); and
- common stocks valuation 5 year average (1980 — 5 year average).

The experience surplus for 1981 of approximately $34 million, partially offset by an additional unfunded liability of approximately $23 million for plan improvements, increased the pension plan surplus by $11 million.

The pension plan costs for 1982 were $70 million (1981 — $60 million).

18. Research and development

In 1982, approximately $61 million of research and development costs were charged to operations and $8 million were capitalized (1981 — $50 million and $8 million, respectively).

19. Comparative figures

Certain of the 1981 comparative figures have been reclassified to conform with the 1982 financial statement presentation.

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Incorporated without share capital under the Junior Farmer Establishment Act

Balance Sheet
as at March 31, 1983

ASSETS

		1983	1982
		$	$
Cash — general		26,326	27,[illegible]
	trust funds (note 2)	[illegible]	[illegible]
Contribution due from the Treasurer of Ontario (note 4)		[illegible]	26,[illegible]
Mortgage loans	interest due and accrued	1,[illegible]	1,[illegible]
	principal	44,[illegible]	4[illegible]
		45,[illegible]	48,[illegible]

LIABILITIES

Funds held in trust (note 2)	[illegible]	[illegible]
Capital advances due to the Treasurer of Ontario including accrued interest	45,[illegible]	48,[illegible]
	45,[illegible]	48,[illegible]

See accompanying notes to financial statements

On behalf of the Board

Chairman

Vice-Chairman

To The Ontario Junior Farmer Establishment Loan Corporation
to the Minister of Agriculture and Food, and
to the Treasurer of Ontario and Minister of Economics

I have examined the balance sheet of The Ontario Junior Farmer Establishment Loan Corporation as at March 31, 1983 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation, to the Minister and, in accordance with section 8 of the Junior Farmer Establishment Act, to the Treasurer of Ontario and Minister of Economics.

D. F. Archer

Toronto, Ontario
May 11, 1983

D. F. Archer, F.C.A.
Provincial Auditor

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Statement of Operations
for the year ended March 31, 1983

	1983	1982
	$	$
Revenue		
Mortgage interest (note 5)	2,290,156	2,438,158
Miscellaneous	4,844	2,956
	2,295,156	2,441,114
Expenditure (note 5)		
Interest on capital advances		
Treasurer of Ontario (note 5)	3,077,980	3,276,614
Waiver of mortgage repayments		19,454
	3,077,980	3,296,068
Net operating loss for the year	782,824	854,954
Contribution by the Treasurer of Ontario (note 4)	782,824	854,954

See accompanying notes to financial statements

Notes to Financial Statements
March 31, 1983

1. SUSPENSION OF OPERATIONS

The Corporation has not accepted any new mortgage loan applications since 1969 and the final mortgage instalments on outstanding loans are payable in 1988.

2. LOSS ON SALES OF LAND

The provisions of the Corporation's mortgage indentures allow the Corporation, without taking title through foreclosure, to sell a farm property in certain circumstances for cash or credit.

In prior years, the Corporation had sold a number of properties and had taken back mortgages, some of which were for a greater amount than the outstanding balance on the original mortgage. This additional amount as of March 31, 1983 of $109,880 (1982 - $106,880) including accrued interest of $49,494 (1982 - $46,894) has not been recorded in the financial statements as the Corporation has no obligation until payments are actually received on account of these additional amounts.

All mortgage payments received are applied first against the amount of the original mortgage, with the remaining payments held in trust for the original owner or other claimants by the Corporation. When the mortgage has been fully repaid by the new purchaser, the funds held in trust will be distributed.

3. ADMINISTRATION EXPENSES

Salaries of the Corporation's staff and sundry administrative costs have been absorbed by the Ministry of Agriculture and Food and are not included in the statement of revenue and expenditure.

4. CONTRIBUTION DUE FROM THE TREASURER OF ONTARIO

The cost of the loan program, which is represented by the net operating loss for the year, is paid out of moneys appropriated therefor by the Legislature. The receivable of $32,153 (1982 - $26,922) represents the amount due from the Treasurer of Ontario for the current year's net operating loss less advances received to date.

5. INTEREST ON MORTGAGES AND CAPITAL ADVANCES

Interest earned by the Corporation on its mortgage loans is fixed by legislation and averages approximately 5 per cent per annum. Interest payable by the Corporation on capital advances from the Treasurer of Ontario has been established by the Treasurer of Ontario at 6 7/8 per cent. This interest differential is the primary reason for the Corporation's excess of expenditure over revenue.

6. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1983 presentation.

ONTARIO LAND CORPORATION

Balance Sheet
March 31, 1983

	1983 ($000's)	1982 ($000's)
ASSETS		
Real Estate (note 6)		
Land inventory (note 3)	487,694	491,745
Land Leased to Homeowners (note 4)	35,519	35,883
Properties (note 5)	11,592	23,703
	534,805	551,331
Mortgages and Loans (notes 7 and 11b)	581,078	601,072
Cash and Short-term Investments (notes 8 and 11b)	88,284	63,316
Securities (note 9)	8,703	8,703
Accounts Receivable	953	2,875
	1,180,883	1,227,087
Mortgage Guarantee Fund (note 12)	1,968	1,780
LIABILITIES		
Long-term Debt		
Treasurer of Ontario (note 10)	1,011,747	1,067,735
Canada Mortgage & Housing Corporation (note 11)	107,557	111,959
Other (note 12)	319	617
	1,119,623	1,180,311
Accounts Payable and Accrued Liabilities	7,365	9,451
	1,126,988	1,189,764
EQUITY		
Retained Earnings	53,895	37,323
	1,180,883	1,227,087
Mortgage Guarantee Fund (note 12)	1,968	1,780

See notes to financial statements

On behalf of the Board

Director

Director

ONTARIO LAND CORPORATION

Statement of Earnings
Year ended March 31, 1983

	1983 ($000's)	1982 ($000's)
REVENUES		
Real Estate Marketing and Operations		
Sales of Land and Properties	33,847	52,770
Rental Income from Land Leased to Homeowners	2,969	3,080
Deferred Revenue Realized	1,442	2,360
	38,258	58,210
Interest on Mortgages and Loans	62,812	59,380
Bank and Other Interest	13,035	14,254
Administration Fees and Miscellaneous Income	1,387	2,400
	115,492	[illegible]
EXPENSES		
Cost of Land and Properties Sold	30,451	[illegible]
Interest (note 13)	67,488	[illegible]
General and Administrative (note 14)	981	[illegible]
	98,920	121,470
Net earnings for the year	16,572	12,774

Statement of Retained Earnings
Year ended March 31, 1983

	1983 ($000's)	1982 ($000's)
Retained earnings, beginning of year	37,323	24,549
Net earnings for the year	16,572	12,774
Retained earnings, end of year	53,895	37,323

See notes to financial statements.

ONTARIO LAND CORPORATION

Notes to Financial Statements
March 31, 1983

1. GENERAL

Ontario Land Corporation (OLC) was incorporated in 1975 as a Crown Corporation without share capital under the Ontario Land Corporation Act.

By Order-in-Council effective April 1, 1982, all the assets, liabilities, and retained earnings of Ontario Mortgage Corporation (OMC) were transferred to OLC. In addition, all the outstanding capital stock of OMC was assigned to OLC.

The transfer was accounted for by the pooling of interests method. At March 31, 1982, the assets and liabilities of each corporation, net of inter-company accounts were:

	OLC ($'000)	OMC ($'000)	Total ($'000)
Assets	665,371	561,716	1,227,087
Liabilities	638,833	550,931	1,189,764
Retained earnings	24,678	12,645	37,323
	663,511	563,576	1,227,087

OLC now manages approximately 27,000 hectares of land which were acquired for land banking and development purposes, and some 30,000 mortgages and 6,000 land leases issued under various housing programs. OLC is a partner with Canada Mortgage and Housing Corporation (CMHC) in certain land and mortgage programs, and earns administration fees for managing CMHC's interest in these programs. The Corporation is also a partner with various municipalities in certain mortgage programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Statement Basis
The financial statements are prepared on the historical cost basis.

(b) Principles of Consolidation
The financial statements include the Corporation's proportionate ownership share of the individual assets, liabilities, revenues and expenses of partnerships.

(c) Land
Land inventory is recorded at cost, which includes acquisition cost, planning and development costs where applicable, and capitalized carrying costs. Revenue from rental of undeveloped land is applied to reduce the carrying costs.

Land leased to homeowners is recorded as above, except that capitalization of carrying costs ceased on the date the land was leased to the homeowner. Revenues received from these leases are recorded as earnings.

Land is valued at cost. The net realizable value is conditional upon the ultimate use which has yet to be determined.

(d) Capitalization of Carrying Costs
The Corporation capitalizes direct carrying costs such as interest and grants-in-lieu of taxes as part of the cost of land inventory.

Interest on wholly-owned lands is capitalized as follows:
(i) Interest on the acquisition cost element is not capitalized.
(ii) Interest on the development cost element is capitalized at the rate paid on long-term debt due to the Treasurer of Ontario.

Interest on partnership lands is capitalized on both the acquisition and development cost elements at the rate set by CMHC, the Corporation's partner in the ventures.

(e) Properties
Properties consist of properties acquired upon default of mortgage loans. These are carried at the unpaid loan balance plus interest accrued to date of acquisition together with acquisition costs, improvement costs, and operating costs net of rent received, less an allowance for losses. Capital losses resulting from sales prices below acquisition cost are charged against the allowance. No depreciation is charged on these properties.

Prior to the merger, OMC expensed improvement and net opertaing costs as incurred. The change in policy with respect to the former OMC assets has no material effect on the net earnings of the Corporation.

ONTARIO LAND CORPORATION

Notes to Financial Statements – Continued
March 31, 1983

(f) Mortgages and Loans
Mortgages and loans are carried at the amount due including interest, property taxes, and other charges, less an allowance for mortgage losses.

(g) Securities
Securities are stated at cost plus accrued interest.

(h) Income Recognition

(i) Income from sale of property is recognized when title passes to the purchaser.

(ii) In previous years the Corporation sold individual lots and took back non-interest bearing deferred mortgages as part of the sales proceeds. A portion of the gain on each sale, equal to the amount of such mortgage, was deferred. These deferred gains are taken into income at the point where mortgage repayment commences.

3. LAND INVENTORY

Land is classified as follows:

	1983 (Corporation's Proportionate Share)		1982
	Hectares	($'000)	($'000)
Land under development	169	31,393	32,756
Land held for development or sale	25,845	456,301	458,989
	26,014	487,694	491,745

4. LAND LEASED TO HOMEOWNERS

Land leased to homeowners represents the Corporation's interest in 6,119 lots on which homes have been built (1982 – 6,192). A lessee may, at his option, purchase and acquire title to the land.

5. PROPERTIES

Properties consist of 351 properties acquired on default of mortgage loans (1982-682).

6. REAL ESTATE

Real estate transactions during the year were:

	Land Inventory	Land Leased to Home-owners ($'000)	Properties	Total
Balance, March 31,1982	491,745	35,883	23,703	551,331
Acquisitions	3,447	–	2,708	6,155
Development costs	7,772	–	–	7,772
Capitalized interest	3,585	–	–	3,585
Capitalized net operating costs	(474)	–	2,783	2,309
Recoveries	(5,896)	–	–	(5,896)
Cost of sales	(12,485)	(364)	(17,602)	(30,451)
Balance, March 31, 1983	487,694	35,519	11,592	534,805

ONTARIO LAND CORPORATION

Notes to Financial Statements – Continued
March 31, 1983

7. MORTGAGES AND LOANS

Details of mortgages and loans receivable are as follows:

	1983 ($000's)	1982 ($000's)
Residential mortgages and agreements for sale		
Insured under the National Housing Act	68,913	75,770
Uninsured (net of 1.5% allowance)	489,426	507,328
Total residential (average interest rate 10.04%, 1982 – 10.31%)	558,339	583,098
Deferred non-interest bearing mortgages	28,395	29,959
Builders mortgages	13,097	11,453
Municipalities and other	9,191	5,855
Ontario Development Corporation	451	666
	609,473	631,031
Less: Deferred gains re: deferred non-interst bearing mortgages	28,395	29,959
	581,078	601,072

8. CASH AND SHORT-TERM INVESTMENTS

Included in this category are short-term investments in bank and government securities amounting to $31,965,000 (1982 – Nil).

9. SECURITIES

The market value of the securities is $7,218,000 (1982 – $5,468,000).

10. LONG-TERM DEBT – TREASURER OF ONTARIO

The Treasurer of Ontario has provided financing for the acquisition and development of land and for the financing of mortgages and loans. This financing is repayable as funds are recovered from the realization of the related assets.

Details of this financing are as follows:

	Average Interest Rate (%)	1983 $'000	1982 $'000
Interest bearing	9.21	613,062	665,680
Non-interest bearing		393,961	397,293
Non-interest bearing to March 31, 1985		4,724	4,764
		1,011,747	1,067,737

11. LONG-TERM DEBT – CHMC

(a) Debt due to CMHC is repayable under two debentures due December 31, 2001 as follows:

	Interest Rate (%)	Blended Quarterly Instalment ($'000)	Balance 1983 ($'000)	Balance 1982 ($'000)
NHA Section 40	7.10	865	36,087	39,231
NHA Section 42	9.84	2,071	71,470	72,728
		2,936	107,557	111,959

ONTARIO LAND CORPORATION

Notes to Financial Statements – Continued
March 31, 1983

Principal repayments of the above are due as follows:

	($'000)
Year Ending March 31, 1984	2,329
1985	2,536
1986	2,763
1987	3,011
1988	3,281
Subsequent to 1988	93,637
	107,557

(b) As part of the repayment plan for the CMCH debentures, a debt retirement fund was established in December 1981. As at balance sheet date, the fund consists of $32,667,000 in cash and short-term investments (1982 – $33,082,000) and $60,203,000 in residential mortgages (1982 – $61,101,000). These items are not segregated in the balance sheet, but are included under the appropriate classification.

12. LONG-TERM DEBT – OTHER

This debt of $319,000 is repayable on January 1, 1984, and bears interest at 6%.

13. INTEREST

Interest incurred, capitalized, and expensed during the year was:

	1983 ($000's)	1982 ($000's)
Treasurer of Ontario	61,128	62,152
CHMC	9,904	9,971
Other	41	86
	71,073	72,209
Capitalized to land inventory	(3,585)	(3,508)
	67,488	68,701

14. GENERAL AND ADMINISTRATIVE

Salaries, benefits, and administration expenses are absorbed by the Ministry of Municipal Affairs and Housing. Ontario Mortgage Corporation carried its own expenses in the year ended March 31, 1982.

A breakdown of general and administrative expense is as follows:

	1983 ($000's)	1982 ($000's)
OMC salaries, benefits and administration	–	3,106
Provision for losses on mortgages	925	230
Other	56	30
	981	3,366

ONTARIO LAND CORPORATION

Notes to Financial Statements – Concluded
March 31, 1983

15. MORTGAGE GUARANTEE FUND

The Corporation maintains a Mortgage Guarantee Fund to satisfy any liability arising out of guarantees given for mortgages provided by private sector lenders.

The Corporation's maximum liability is the amount of the Fund, which was created by a fee charged to borrowers. The Province of Ontario is responsible for any claims in excess of the Fund.

Details of the Fund are:

	1983 ($000's)	1982 ($000's)
(i) Fund Continuity from Inception		
Fee revenue	828	828
Interest income	1,135	947
	1,963	1,775
Net gain on guarantee operations	5	5
	1,968	1,780
(ii) Fund Assets		
Cash	255	57
Securities (note 2(g)) market value $593,000; 1982 – $446,000)	807	807
Mortgages receivable	847	907
Due from Ontario Land Corporation	59	9
	1,968	1,780

16. ADMINISTERED PROGRAMS

In its capacity as an agent of the Province, the Corporation administers both the Ontario Rental Construction Loan Program (ORCL) and the Ontario Renter-Buy Program (ORB). Both programs consist of the advancing of funds and the taking back of non-interest bearing mortgages subject to specified conditions.

Advances under these programs are recorded by the Province as transfer payments and memorandum accounts receivable in the public accounts. The Corporation does not include these amounts in the balance sheet. All recoveries will be deposited into the Consolidated Revenue Fund of the Province.

As at March 31, 1983, $61 million has been advanced under the ORCL program (1982 – $21 million) and $62 million has been advanced under the ORB program (1982 – Nil).

17. OMBUDSMAN'S REPORT – NORTH PICKERING LAND ASSEMBLY

Under the terms of the Ombudsman's Report of December 1982, the Corporation has agreed to settle with certain claimants with respect to land purchases for the North Pickering Land Assembly prior to February 4, 1974.

The cost of the settlement, approximately $2.7 million including interest, is being treated as a land acquisition cost and has been funded by a non-interest bearing loan from the Treasurer.

18. CONTINGENT LIABILITIES

Certain persons, whose land was expropriated by the Corporation, may apply to the Land Compensation Board of Ontario for reassessment of the compensation paid upon expropriation. Additional compensation that may be awarded is to be determined by arbitration and negotiation, and is estimated at a maximum of $3.9 million.

During the year the Corporation paid settlements of $0.4 million. This amount has been treated as a land acquisition cost, as will any future payments under this category.

19. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the March 31, 1983 presentation.

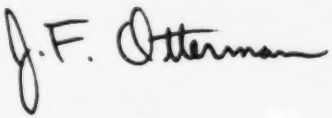
ONTARIO LAND CORPORATION

To the Board of Directors of the Ontario Land Corporation and to the Minister of Municipal Affairs and Housing:

I have examined the balance sheet of the Ontario Land Corporation as at March 31, 1983 and the statements of earnings and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 29 of the Ontario Land Corporation Act, a report on the audit has been made to the Corporation and to the Minister.



Toronto, Ontario
August 8, 1983

J. F. Otterman, C.A.
Assistant Provincial Auditor

ONTARIO LOTTERY CORPORATION

(Incorporated without share capital under The Ontario Lottery Corporation Act)

Balance Sheet as at March 31, 1983

ASSETS

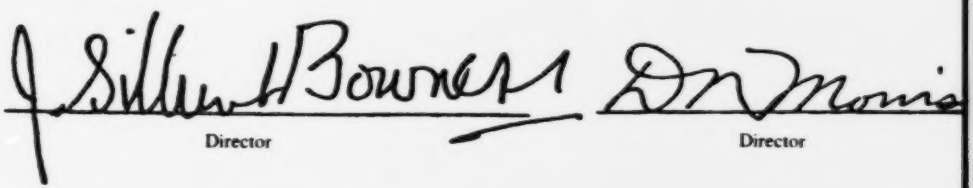
	1983 ($000's)	1982 ($000's)
Current assets		
Cash	16,240	9,228
Prize funds	35,194	27,629
Due from Interprovincial Lottery Corporation	4,403	5,045
Accrued interest	396	680
Accounts receivable	2,993	2,058
Prepaid expenses	713	405
	59,939	45,045

LIABILITIES

Current liabilities		
Prize money unclaimed	35,194	27,629
Net profit/proceeds due to the Treasurer of Ontario (notes 3 and 4)	4,821	3,284
Accounts payable and accrued liabilities	8,548	3,020
Deferred income	11,376	11,112
	59,939	45,045

See accompanying notes to financial statements.

On behalf of the Board:



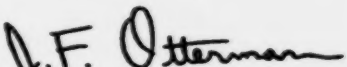
Director Director

To the Board of Directors of the Ontario Lottery Corporation and to the Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1983 and the statements of operations and net profit/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1a to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.



Toronto, Ontario,
August 5, 1983.

J. F. OTTERMAN, C.A.,
Assistant Provincial Auditor.

ONTARIO LOTTERY CORPORATION

Statement of Net Profit/Proceeds due to the Treasurer of Ontario for the year ended March 31, 1983

	1983 ($000's)	1982 ($000's)
Balance, beginning of year	3,284	12,764
Net profit/proceeds for the year		
Wintario	44,226	56,124
Lottario	73,358	75,627
Provincial	16,171	16,550
Super Loto	14,402	9,219
Lotto 6/49	15,380	–
	163,537	157,520
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	44,000	61,000
Lottario (note 3)	73,000	76,000
Provincial (note 4)	16,000	20,000
Super Loto (note 4)	15,000	10,000
Lotto 6/49 (note 4)	14,000	–
	162,000	167,000
Balance, end of year		
Wintario	332	106
Lottario	1,531	1,173
Provincial	823	652
Super Loto	755	1,353
Lotto 6/49	1,380	–
	4,821	3,284

See accompanying notes to financial statements.

Statement of Operations for the year ended March 31, 1983

	1983 ($000's)	1982 ($000's)
Cash ticket sales	494,671	448,645
Free tickets	55,425	58,251
	550,096	506,896
Less commissions – retailers and distributors	44,136	41,397
	505,960	465,499
Prizes		
Wintario – cash	70,873	72,673
– free tickets	46,116	47,651
Lottario	101,590	102,393
	218,579	222,717

ONTARIO LOTTERY CORPORATION

Statement of Operations – Continued

Cost of tickets (note 2)		
Provincial	24,436	23,825
Super Loto – cash	18,065	14,751
– free tickets	9,309	10,600
Lotto 6/49	23,274	–
	75,084	49,176
Operating expenses		
Advertising	17,287	12,825
Ticket printing	7,483	6,412
Administration and other expenses	16,083	13,174
Payment to Government of Canada (note 5)	8,677	8,786
Equipment	5,603	3,777
	55,133	44,974
Operating income	157,164	148,632
Interest	6,373	8,888
Net profit proceeds for the year	163,537	157,520

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 1983

1. Significant Accounting Policies

   (a) Basis of Accounting

   The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

   (b) Deferred Income

   Revenues received net of expenses incurred for draws held subsequent to March 31st are deferred.

2. Provincial, Super Loto and Lotto 6/49

   Pursuant to section 7(b) of the Ontario Lottery Corporation Act, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial, Super Loto and Lotto 6/49 lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

   The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial, Super Loto and Lotto 6/49 in Ontario. The Corporation purchases Provincial and Super Loto tickets from the Interprovincial Lottery Corporation and manages the sale of Lotto 6/49 tickets on behalf of the Interprovincial Lottery Corporation in Ontario. The cost of tickets for the three games is composed of the proportional share of prizes based on the number of tickets sold, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

3. Net Profits – Wintario and Lottario

   Pursuant to section 9 of The Ontario Lottery Corporation Act, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

4. Net Proceeds – Provincial, Super Loto and Lotto 6/49

   Pursuant to Order in Council 226/83, all moneys attributed to or accruing to Ontario from the Provincial, Super Loto and Lotto 6/49 after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

ONTARIO LOTTERY CORPORATION

5. PAYMENT TO GOVERNMENT OF CANADA

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of $6 million, appropriately adjusted to reflect the effects of inflation, based on a formula which takes into account each province's population and proportionate ticket sales.

Ontario's 1982-83 share of the payment was $8,677,000 (1981-82 $8,786,000) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

6. INCOME TAXES

As a Crown Corporation of the Province of Ontario, the Corporation is exempt from income taxes and accordingly no provision is required.

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Incorporated without share capital under the Ontario Municipal Improvement Corporation Act

Balance Sheet as at March 31, 1983

ASSETS	1983	1982
	$	$
Cash	5,866	5,416
Accrued interest on investments	1,278,291	896,378
Long term investments at cost (Schedule)	38,324,134	35,914,299
	39,608,291	36,816,093

LIABILITIES		
Accrued interest on advances from the Treasurer of Ontario	1,278,291	896,378
Advances from the Treasurer of Ontario	38,330,000	35,919,715
	39,608,291	36,816,093

See accompanying schedule and notes to financial statements.

Approved on behalf of the Corporation:

Member

Member

To The Ontario Municipal Improvement Corporation and
to the Treasurer of Ontario.

I have examined the balance sheet of The Ontario Municipal Improvement Corporation as at March 31, 1983 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and, in accordance with section 12 of The Ontario Municipal Improvement Corporation Act, to the Treasurer of Ontario.

Toronto, Ontario,
May 4, 1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1983

	1983	1982
	$	$
REVENUE		
Interest on investments	3,949,740	3,684,244
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	3,949,740	3,684,244

See accompanying schedule and notes to financial statements.

SCHEDULE

Long Term Investments in Municipal and School Board Debentures
as at March 31, 1983

Analysis by Rate of Interest

Interest Rate	Principal 1983	Principal 1982
%	$	$
Under 7.00	420,423	706,407
7.00- 8.99	7,919,550	8,988,250
9.00-10.99	15,047,112	16,372,164
11.00-12.99	6,304,800	6,874,900
13.00-19.25	8,632,015	2,958,451
	38,323,900	35,900,172
Add: Accrued interest paid on debentures purchased	234	14,127
	38,324,134	35,914,299

Analysis by Year of Maturity

Years of Maturity March 31	Principal 1983	Principal 1982
	$	$
1983	–	3,336,886
1984	3,417,948	3,409,134
1985	3,231,472	3,220,672
1986	3,252,566	3,238,666
1987	3,063,314	3,048,214
1988	2,903,000	–
1- 5 years	15,868,300	16,253,572
6-10 years	11,164,800	12,206,100
11-15 years	10,232,800	6,106,500
16-20 years	1,041,000	1,312,000
21-25 years	17,000	22,000
	38,323,900	35,900,172
Add: Accrued interest paid on debentures purchased	234	14,127
	38,324,134	35,914,299

Notes to Financial Statements
March 31, 1983

1. INTEREST ON ADVANCES

Pursuant to Order in Council 775/77, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the excess of revenue over other expenditure for the fiscal year.

2. ADMINISTRATION EXPENSE

The cost of administration has been paid by the Province of Ontario.

3. COMPARATIVE FIGURES

Comparative figures for 1982 have been reclassified where necessary to conform with 1983 presentation.

ONTARIO NORTHLAND

Consolidated as at December

ASSETS

	1982 $	1981 $
Current Assets		
Cash and short term investments	3,300,760	17,068,082
Marketable securities at lower of cost and market	272,830	272,830
Accounts receivable	13,779,643	15,286,844
Materials and supplies (note 1c)	4,844,897	4,412,327
Prepaid expenses (note 1a ii)	122,559	122,692
	22,320,689	37,162,775
Long Term Investments – at cost		
Government Bonds (Market value $26,175,000; 1981 – $7,161,000)	23,066,781	7,609,379
Other Assets – at cost		
Insurance and other funds (Market value $869,000; 1981 – $574,900) (note 1f)	844,288	669,316
Bus Franchises	297,679	297,679
Investment in Telesat Canada	150,000	150,000
	1,291,967	1,116,995
Investment in Property – at cost less accumulated depreciation		
(Schedule 1 and note 1d)	147,297,702	135,083,504
	193,977,139	180,972,653

See accompanying schedules and notes to financial statements.

Approved on behalf of the Commission:

Commissioner

General Manager

TRANSPORTATION COMMISSION

Balance Sheet
31,1982

LIABILITIES AND EQUITY

	1982 $	1981 $
Current Liabilities		
Accounts payable and accrued charges	21,392,374	21,293,233
Debenture payable – current portion (note 4)	1,937,500	125,000
	23,329,874	21,418,233
Reserves		
Insurance and other funds	844,288	669,316
Long Term Debt		
Note due 2003 (note 5)	37,500,000	37,500,000
Loan from Province of Ontario non-interest bearing	35,207,935	35,207,935
Debenture payable (note 4)	–	1,937,500
Obligation under capital lease (note 3)	371,497	524,990
	73,079,432	75,170,425
Province of Ontario Equity		
Contributed surplus	14,842,452	15,482,503
Retained income	81,881,093	68,232,176
	96,723,545	83,714,679
	193,977,139	180,972,653

To the Ontario Northland Transportation Commission and
to the Minister of Northern Affairs.

I have examined the consolidated balance sheet of the Ontario Northland Transportation Commission as at December 31, 1982 and the consolidated statements of income, retained income, contributed surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Commission as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with the basis of accounting described in Note 1a, applied on a basis consistent with that of the preceding year.

A report on the audit, completed in accordance with section 39 of the Ontario Northland Transportation Commission Act, has been made to the Commission and to the Minister of Northern Affairs.

D. F. Archer

Toronto, Ontario.
March 31,1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Income
for the year ended December 31, 1982

	1982 $	1981 $
Operating Revenues		
– Commercial (Schedule 3)	81,649,724	79,376,367
– Non Commercial (Schedule 4)	13,916,251	12,690,782
Total Operating Revenues	95,565,975	92,067,149
Operating Expenditures		
– Commercial (Schedule 3)	70,473,974	65,008,929
– Non Commercial (Schedule 4)	31,717,447	29,061,087
Total Operating Expenditures	102,191,421	94,070,016
Loss on Operations	6,625,446	2,002,867
Government Reimbursement (Schedule 2)	19,399,625	19,119,455
	12,774,179	17,116,588
Interest Income (Expense)		
Interest Expense	(3,614,393)	(3,580,546)
Interest Earned on Investments	4,489,131	2,467,366
Net Interest	874,738	(1,113,180)
	13,648,917	16,003,408
Reduction of Marketable Securities to Market Value	–	(51,695)
Net Income for the Year	13,648,917	15,951,713

See accompanying schedules and notes to financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Retained Income
for the year ended December 31, 1982

	1982	1981
	$	$
Balance, beginning of year	68,232,176	52,280,463
Add net income for the year	13,648,917	15,951,713
Balance, end of year	81,881,093	68,232,176

Consolidated Statement of Contributed Surplus
for the year ended December 31, 1982

	1982	1981
	$	$
Balance, beginning of year	15,482,503	13,922,319
Add: – Northlander trainsets (note 3)	428,000	
– norOntair aircraft and associated equipment	50,276	1,518,069
– Capital expenditures of The Owen Sound Transportation Company, Limited	157,356	1,281,735
	16,118,135	16,722,123
Less: depreciation charges for the year	1,275,683	1,239,620
Balance, end of year	14,842,452	15,482,503

See accompanying schedules and notes to financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Changes in Financial Position for the year ended December 31, 1982

	1982 $	1981 $
Source of working capital		
Net income for the year	13,648,917	15,951,713
Add items not requiring an outlay of working capital		
– depreciation expense	6,116,851	5,919,988
– amortization of discount on bonds	(373,525)	(27,405)
Working capital provided from operations	19,392,243	21,844,296
Proceeds on disposal of property	648,237	718,452
Reimbursement of capital expenditures by Province of Ontario	635,632	2,799,804
	20,676,112	25,362,552
Use of working capital		
Addition to investment in property	20,254,969	12,708,433
Purchase of bonds	15,083,877	3,529,000
Reduction of debenture	1,937,500	125,000
Reduction of obligation under capital lease	153,493	133,331
	37,429,839	16,495,764
Increase (decrease) in working capital	(16,753,727)	8,866,788
Working capital, beginning of year	15,744,542	6,877,754
Working capital, end of year	(1,009,185)	15,744,542

Changes in Working Capital

Current assets – increase (decrease)		
Cash	(13,767,322)	7,214,686
Marketable securities	–	(51,695)
Accounts receivable	(1,507,201)	4,356,935
Materials and supplies	432,570	477,831
Prepaid expenses	(133)	1,045
	(14,842,086)	11,998,802
Current liabilities – (increase)		
Accounts payable and accrued charges	(99,141)	(3,132,014)
Debenture payable	(1,812,500)	–
	(1,911,641)	(3,132,014)
Increase (decrease) in working capital	(16,753,727)	8,866,788

See accompanying schedules and notes to financial statements.

Schedule 1

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Investment in Property as at December 31, 1982

	1982	1981
	$	$
Rail – Roadway	87,409,957	83,184,650
– Buildings	13,928,162	13,915,904
– Equipment	39,271,705	31,987,531
Telecommunications	45,197,178	41,897,941
Buses	2,328,106	2,342,689
Boat	927,413	927,413
norOntair aircraft	7,947,639	7,826,741
Remote North power and communications	241,326	210,889
Star Transfer Limited – vehicles	3,962,246	3,947,693
– other	5,050,905	5,050,905
The Owen Sound Transportation Company, Limited – vessel	9,665,356	9,515,420
– other	211,245	208,871
Gross investment in property	216,141,238	201,016,647
Less accumulated depreciation	73,263,974	68,986,300
Net investment in property	142,877,264	132,030,347
Under construction	4,420,438	3,053,157
	147,297,702	135,083,504

Schedule 2

Schedule of Government Reimbursement for the year ended December 31, 1982

	1982	1981
	$	$
From Province of Ontario		
Cochrane – Moosonee branch line	6,953,179	6,489,200
Main line passenger train	5,463,807	5,241,400
Northlander	3,949,753	4,353,714
Remote North power and communications	261,979	272,540
Air services – norOntair	2,735,216	1,344,227
Moosonee ferry	60,100	65,490
	19,454,034	17,766,571
The Owen Sound Transportation Company, Limited (profit) loss	(54,409)	149,760
Total Provincial reimbursement	19,399,625	17,916,331
From Government of Canada (note 7b)		
Rail passenger – prior years	–	1,203,124
Total Government reimbursement	19,399,625	19,119,455

See accompanying schedules and notes to financial statements.

Schedule 3

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Commercial Operations for the year ended December 31, 1982

	1982 $	1981 $
Rail Freight Services		
Revenue	40,337,538	41,572,076
Expenditures	37,486,077	33,372,423
Income from operations	2,851,461	8,199,653
Express Services		
Revenue	1,226,250	1,307,757
Expenditures	1,550,175	1,686,515
Loss from operations	(323,925)	(378,758)
Telecommunications		
Revenue	28,656,679	23,973,306
Expenditures	19,341,213	17,262,706
Income from operations	9,315,466	6,710,600
Bus Services		
Revenue	3,646,085	3,407,883
Expenditures	3,376,023	3,215,132
Income from operations	270,062	192,751
Transport Services		
Revenue	7,432,685	8,813,873
Expenditures	8,286,632	9,094,280
Loss from operations	(853,947)	(280,407)
Marine Services (North Bay)		
Revenue	254,871	184,094
Expenditures	352,738	284,476
Loss from operations	(97,867)	(100,382)
Tourist Facilities (Hannah Bay)		
Revenue	95,616	117,378
Expenditures	81,116	93,397
Income from operations	14,500	23,981
Total Commercial Operations		
Operating Revenues	81,649,724	79,376,367
Operating Expenditures	70,473,974	65,008,929
Income from operations	11,175,750	14,367,438

See accompanying schedules and notes to financial statements.

Schedule 4

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Non-commercial Operations for the year ended December 31, 1982

	1982 $	1981 $
Rail Passenger Services		
Revenue	5,316,868	4,988,739
Expenditures	20,085,178	19,527,027
Loss from operations	(14,768,310)	(14,538,288)
Government Reimbursement	16,366,739	17,287,438
Net Gain from operations (note 7)	1,598,429	2,749,150
Air Services (norOntair)		
Revenue	4,631,080	4,424,771
Expenditures	7,396,296	5,768,998
Loss from operations	(2,765,216)	(1,344,227)
Government Reimbursement	2,765,216	1,344,227
	—	—
Marine Services (Owen Sound)		
Revenue	3,711,777	3,117,916
Expenditures	3,657,368	3,267,676
Income (loss) from operations	54,409	(149,760)
(Returned to) or reimbursed by Province of Ontario	(54,409)	149,760
	—	—
Marine Services (Moosonee)		
Revenue	50,841	30,166
Expenditures	110,941	95,656
Loss from operations	(60,100)	(65,490)
Government Reimbursement	60,100	65,490
	—	—
Remote North – Communications		
Revenue	59,655	14,284
Expenditures	288,654	230,973
Loss from operations	(228,999)	(216,689)
Government Reimbursement	228,999	216,689
	—	—
Remote North – Power		
Revenue	146,030	114,906
Expenditures	179,010	170,757
Loss from operations	(32,980)	(55,851)
Government Reimbursement	32,980	55,851
	—	—
Total Non-Commercial Operations		
Operating Revenues	13,916,251	12,690,782
Operating Expenditures	31,717,447	29,061,087
Loss from operations	(17,801,196)	(16,370,305)
Government Reimbursement	19,399,625	19,119,455
Net Gain from operations	1,598,429	2,749,150

See accompanying schedules and notes to financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements
December 31, 1982

1. Significant Accounting Policies

(a) Basis of accounting

These financial statements are prepared in accordance with generally accepted accounting principles with the following exceptions:

(i) Office furniture and equipment is charged to operations in the year of purchase.

(ii) The Commission pays for injuries to its employees on a cash basis as accounts are received from the Workers' Compensation Board of Ontario. A deposit of $50,000 is held by the Workers' Compensation Board of Ontario for this purpose. No provision is made for future ongoing liabilities.

(b) Basis of Consolidation

The consolidated financial statements include the accounts of the Commission and its wholly-owned subsidiaries, Star Transfer Limited and The Owen Sound Transportation Company, Limited.

(c) Materials and supplies

With the exception of used rail, all materials and supplies are shown at cost. Used rail is shown at estimated utility value.

(d) Investment in property and depreciation

Fixed assets are stated at acquisition cost.

Depreciation is calculated on a straight-line basis over the estimated service lives of the assets with the exception of highway equipment which is depreciated at thirty per cent per annum on the diminishing balance basis. Depreciation generally is based on asset balances at the beginning of the year.
The rates used for railway properties are as authorized by the Canadian Transport Commission.

The estimated service lives used for principal categories of assets are as follows:

Road – main line and branches	20 to 200 years
Railway diesel locomotives	25 years
Railway freight cars	33 years
Vessel	33 years
Aircraft	10 years
Barges	20 years

Three aircraft and the vessel M.S. Chi-Cheemaun, originally acquired and owned by the Ontario Ministry of Transportation and Communications were transferred to the Commission and The Owen Sound Transportation Company, Limited, respectively during 1975. Accordingly, these fixed assets have been recorded at their original cost as incurred by the Ministry together with offsetting credits to Contributed Surplus. Additionally, reimbursement by the Province of Ontario of the cost of certain fixed assets initially purchased by the Commission and The Owen Sound Transportation Company, Limited, are credited to Contributed Surplus. Annual depreciation charges on these fixed assets, including the aircraft and the vessel, are recorded as a reduction to Contributed Surplus.

(e) Income taxes

As Crown Corporations of the Province of Ontario, the Commission and its wholly-owned subsidiaries are exempt from income taxes and accordingly no provision is reflected in operations.

(f) Self-insurance

The Commission follows the policy of self-insuring for damages from rolling stock derailments and cargo damage.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements – Continued
December 31, 1982

2. Contributory Pension Fund

Based on the December 31, 1980 actuarial review, the unfunded liability of the Commission and its wholly-owned subsidiaries under the Commission's Contributory Pension Fund totals $27,207,157. Of this amount $19,443,107 represents the initial unfunded liability as of January 1, 1965, the balance of $7,764,050 represents the balance of the unfunded liability revealed as at December 31, 1978.

The Commission and its subsidiaries are making payments of interest and principal into the fund in accordance with the Regulations under the Pension Benefits Act. These payments have the effect of:

- preventing an increase in the initial unfunded liability;
- liquidating the balance of the unfunded liability over a period ending December 31, 1993.

Payments in respect of the 1980 actuarial review commenced in 1981. The Commission is awaiting the results of an actuarial review at December 31, 1982.

3. Lease Commitments

The lease agreement dated October 1, 1976, between the Commission and the Urban Transportation Development Corporation Limited (UTDC) for the lease of four Trans Europ Express-1 diesel-electric trainsets terminated in 1982. In accordance with the terms of the lease agreement, the Commission exercised its option to purchase in 1982 the four trainsets for $428,000.

The Commission's subsidiary, Star Transfer Limited, acquired trailers costing $1,113,138 under a twelve month renewable capital lease agreement effective January 1, 1978 and extending to January 31, 1985. Henceforth, during the term of the lease the Company may purchase the assets at any time or may, with 90 days prior notice, terminate the lease at any renewal date.

4. Debenture

This debenture represents partial financing for the construction of the new Toronto Terminal of Star Transfer Limited, and is secured by a first mortgage on the property and buildings thereof and the general credit of the Ontario Northland Transportation Commission. The outstanding amount of the debenture is redeemable by semi-annual instalments of $62,500 payable through December 30, 1982 and a final instalment of $1,937,500 payable December 30, 1983. Interest is payable on the unredeemed balance at the rate of 10 per cent per annum payable semiannually.

5. Long Term Debt

The Treasurer of Ontario holds a 25 year, 9.325 per cent note for $37,500,000 due 2003. Terms of the note require interest to be paid semiannually with annual principal repayments to commence January 5, 1985 at 5.25 per cent of the original principal amount of the note.

6. Contingent Liabilities

The wholly-owned subsidiary, Star Transfer Limited, is the defendant in a lawsuit for alleged breach of contract. The amount claimed totals approximately $1,300,000. Management is not able to determine the amount of loss, if any, and no provision has been made in the accounts for any possible loss.

7. Net Gain From Non-Commercial Rail Operations

The net gain on operations of $1,598,429 (1981 – $2,749,150) represents:

(a) A return on investment of 9.325 per cent ($1,598,429; 1981 – $1,546,026) on the Commission's assets employed in providing rail passenger service. This is in accordance with the Memorandum of Understanding dated October 9, 1980 between the Commission and the Ministry of Northern Affairs.

(b) In 1981 the Government of Canada made a final reimbursement of $1,203,124 for prior years operating losses of the Swastika-Noranda passenger service not reimbursed by the Province of Ontario. This service was discontinued in October 1979.

8. Star Transfer Limited

Based on a recommendation by the Board of Directors, the Ministry of Northern Affairs has approved the disposal of the Company. The Board of Directors is negotiating with interested parties for a possible sale.

9. Comparative Figures

Prior year figures have been reclassified where necessary to conform to the current year's presentation.

ONTARIO PLACE CORPORATION

(Incorporated without share capital under the Ontario Place Corporation Act)

Balance Sheet as at March 31, 1983

Assets	1983 $	1982 $
Current Assets		
Cash and short term deposits	671,745	445,435
Accounts receivable	203,361	173,259
Due from BILD (note 3)	6,954	84,051
Inventory (note 1b)	248,725	195,543
Prepaid charges	7,954	6,593
	1,138,739	904,881
Fixed assets (note 1a and 2)	1	1
	1,138,740	904,882

Liabilities and Retained Income		
Current liabilities		
Accounts payable and accrued liabilities	682,900	454,710
Accrued realty taxes (note 4)	157,730	129,653
Due to the Ministry of Tourism and Recreation (note 5)	–	200,000
Deferred income (note 10)	52,067	28,701
	892,697	813,064
Retained income	246,043	91,818
	1,138,740	904,882

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To Ontario Place Corporation and
to the Minister of Tourism and Recreation.

I have examined the balance sheet of Ontario Place Corporation as at March 31, 1983 and the statements of operations and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1a to financial statements applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
June 8, 1983.

ONTARIO PLACE CORPORATION

Statement of Operations
for the year ended March 31, 1983

	1983 $	1982 $
Operating income		
Fees – admissions	5,093,841	4,511,365
– revenue attractions	999,261	985,473
– parking	999,810	848,141
Concessions (note 6)	1,060,331	884,170
Gross profit – boutiques (note 7)	239,997	249,653
– food services (note 8)	160,127	161,153
– Winter Program (note 9)	205,933	218,327
Marina	289,868	278,700
Corporate sponsorship	94,011	30,000
Interest income	90,264	142,741
Film rentals and videotaping fees	84,249	121,715
Other	75,448	34,416
	9,393,140	8,465,854
Administrative and operating expenditures		
Salaries, wages and employee benefits	4,722,140	4,152,117
Programming and entertainment	2,013,167	1,895,448
Site maintenance and miscellaneous services	1,123,628	950,635
Advertising	1,048,814	954,368
Realty taxes (note 4)	615,409	212,106
General and office	543,902	334,447
Supplies	536,171	484,604
Utilities	402,795	412,040
Security services	310,417	271,890
Films and photography	113,689	168,610
Directors' fees	10,910	10,780
	11,441,042	9,847,045
Net operating loss before grant	2,047,902	1,381,191
Province of Ontario operating grant	2,101,000	1,021,000
Net operating income (loss)	53,098	(360,191)
Province of Ontario capital grant (note 11)	1,469,000	519,000
Less capital expenditures	1,367,873	524,301
	101,127	(5,301)
Net income (loss)	154,225	(365,492)

See accompanying notes to financial statements.

ONTARIO PLACE CORPORATION

Statement of Retained Income
for the year ended March 31, 1983

	1983 $	1982 $
Retained income		
Beginning of year as previously reported	216,818	457,310
Correction of prior period error (note 4)	(125,000)	–
As restated	91,818	457,310
Net income (loss) (note 4)	154,225	(365,492)
Retained income, end of year	246,043	91,818

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 1983

1. Significant Accounting Policies

(a) The financial statements have been prepared in accordance with generally accepted accounting principles except that the Corporation charges all additions to fixed assets as expenditures in the year of acquisition and reflects fixed assets on the balance sheet at a nominal value.

(b) Inventory is valued on a first in first out basis at the lower of cost or net realizable value.

2. Fixed Assets

The total accumulated costs of fixed assets acquired since inception, less disposals to March 31, are as follows:

	1983 $	1982 $
Improvements to land	3,541,401	3,107,271
Buildings	7,156,260	6,077,869
Furniture and equipment	3,374,889	3,098,767
	14,072,550	12,283,907

Additionally, the original capital cost of facilities provided by the Province of Ontario, less disposals, amounted to approximately $28.9 million as at March 31, 1983.

3. Due From BILD

By agreement dated March 17, 1982, the Board of Industrial Leadership and Development (BILD) agreed to contribute one million dollars for the interior design, construction, promotion and 1982 season operating costs of "Future Pod", a high technology display at Ontario Place.

As at March 31, 1983 the Corporation had expended $993,888 of which $473,970 was for the 1982 season operating costs of Future Pod and $519,918 was expended on Future Pod capital expenditures which is included in fixed assets. Future Pod expenditures and related BILD grants are not included in the Statement of Operations. At March 31, 1983, the Corporation had received $986,934 from BILD leaving a balance to be recovered of $6,954.

4. Correction of an Error in Prior Period Financial Statements

Prior to 1982 the Ministry of Municipal Affairs and Housing paid a grant in lieu of realty taxes to the City of Toronto for land owned by the Corporation. In 1982, the Corporation was advised that it would be required to reimburse the Ministry for an amount equal to the grant. On December 2, 1982, the Corporation paid $500,000 to the Ministry for the year ended December 31, 1982. The Corporation receives increased funding from the Ministry of Tourism and Recreation to offset this additional expense.

The Corporation did not reflect the tax liability for the period from January 1 to March 31, 1982 in the financial statements for the year ended March 31, 1982. As a result, the statements for 1981-82 have been restated to show a retroactive increase of $125,000 in realty tax expense and accrued property taxes. This adjustment increased the 1982 loss from $240,492 to $365,492.

ONTARIO PLACE CORPORATION

5. DUE TO THE MINISTRY OF TOURISM AND RECREATION

During 1981-82 the Corporation received a temporary cash advance of $200,000 from the Ministry to defray expenses arising from the construction of Future Pod. This advance was subsequently repaid in April 1982.

6. CONCESSIONS

Concession revenue includes rents from concessionaires and the net operating profit of two wholly-owned food service operations, The Trillium Restaurant and Caboose, which are operated under a management agreement.

7. GROSS PROFIT ON BOUTIQUE SALES

The operations are summarized as follows:

	1983	1982
	$	$
Sales	647,543	618,639
Merchandise Cost of Sales	407,546	369,986
Gross Profit	239,997	249,653

8. GROSS PROFIT ON FOOD SERVICES

The operations are summarized as follows:

	1983	1982
	$	$
Sales	242,595	252,783
Merchandise Cost of Sales	82,468	91,630
Gross Profit	160,127	161,153

9. GROSS PROFIT ON WINTER PROGRAM

The operations are summarized as follows:

	1983	1982
	$	$
Sales	389,584	433,116
Film Rentals, Snack Bar and Boutique Cost of Sales	183,651	214,789
	205,933	218,327

10. DEFERRED INCOME

Deferred income results primarily from the prepayment of IMAX film rental fees and Marina slip rentals.

11. COMMITMENT – IMAX FILM

The 1982-83 capital grant includes a $100,000 grant from Lottario proceeds for the production of an IMAX film. On May 9, 1983, the Corporation entered into an agreement with a company to develop and produce an IMAX motion picture film at a total cost of $1.4 million. The film is scheduled for completion in May 1984. Total funding for the film will be provided by Lottario. As at March 31, 1983, the Corporation had expended $12,500 on this project.

12. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1983 presentation.

THE ONTARIO UNIVERSITIES CAPITAL AID CORPORATION

Incorporated without share capital under the Ontario Universities Capital Aid Corporation Act

Balance Sheet as at March 31, 1983

ASSETS	1983	1982
	$	$
Accrued interest on investments	34,208,224	35,095,196
Long term investments, at cost (Schedule)	1,081,736,371	1,113,447,025
	1,115,944,595	1,148,542,221

LIABILITIES		
Accrued interest payable on advances	34,208,224	35,095,196
Advances from the Treasurer of Ontario	1,081,736,371	1,113,447,025
	1,115,944,595	1,148,542,221

See accompanying schedule and notes to financial statements.

Approved on behalf of the Corporation:

Member

Member

To The Ontario Universities Capital Aid Corporation and
to the Treasurer of Ontario.

I have examined the balance sheet of The Ontario Universities Capital Aid Corporation as at March 31, 1983 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and, in accordance with section 13 of the Ontario Universities Capital Aid Corporation Act, to the Treasurer of Ontario.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
May 4, 1983.

THE ONTARIO UNIVERSITIES CAPITAL AID CORPORATION

Statement of Revenue and Expenditure for the year ended March 31, 1983

	1983	1982
	$	$
REVENUE		
Interest on investments	80,198,987	82,300,660
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	80,198,987	82,300,660

See accompanying schedule and notes to financial statements.

Long Term Investments in Debentures as at March 31, 1983

SCHEDULE

Analysis by Rate of Interest

Interest Rate	Principal 1983	Principal 1982
%	$	$
Under 7	307,372,023	320,816,436
7.00-8.99	665,248,404	682,116,842
9.00-10.99	109,115,944	110,513,747
	1,081,736,371	1,113,447,025

Analysis by Year of Maturity

Year(s) Ending March 31	Principal 1983	Principal 1982
	$	$
1983	–	31,710,654
1984	33,854,981	33,854,981
1985	36,115,354	36,115,354
1986	37,993,520	37,993,520
1987	40,603,114	40,603,114
1988	43,426,641	–
1- 5 years	191,993,610	180,277,623
6-10 years	266,865,350	249,512,409
11-15 years	343,792,808	336,197,772
16-20 years	234,919,158	277,074,691
21-25 years	44,165,445	67,395,910
26-30 years	–	2,988,620
	1,081,736,371	1,113,447,025

Analysis by Issuing Institutions

	Principal 1983	Principal 1982
	$	$
Ontario Universities	779,021,355	803,253,998
Ontario Colleges	281,593,963	287,999,268
Related Institutions	14,361,053	14,593,759
Municipalities for Public Library purposes	6,760,000	7,600,000

THE ONTARIO UNIVERSITIES CAPITAL AID CORPORATION

Notes to Financial Statements
March 31, 1983

1. INTEREST ON ADVANCES

Pursuant to Order in Council 947/76, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the net interest revenue for the fiscal year.

2. ADMINISTRATION EXPENSE

The cost of administration has been paid by the Province of Ontario.

3. COMPARATIVE FIGURES

Comparative figures in Schedule for 1982 have been reclassified where necessary to conform with 1983 presentation.

4. LONG TERM INVESTMENTS

The Corporation has not purchased any new debentures since April 1, 1978. Existing debentures are scheduled to be fully retired by the year 2008.

ONTARIO WASTE MANAGEMENT CORPORATIONS

Combined Balance Sheet
as at March 31, 1983

Assets	1983 $	1982 $
Current		
Cash	261,874	–
Short term deposits	100,000	50,000
Due from Province of Ontario	500,000	500,000
Loan to employee (note 3)	5,000	5,000
Sundry receivables and prepaid expenses	9,418	683
	876,292	555,683
Loan to employee (note 3)	39,000	45,000
Fixed assets (note 4)	291,105	22,912
	1,206,397	623,595

Liabilities		
Current		
Bank overdraft	–	178,544
Accounts payable and accrued liabilities	904,983	233,476
	904,983	412,020
Shareholder's Equity		
Share capital (note 5)	3	3
Surplus	301,411	211,572
	301,414	211,575
	1,206,397	623,595

See accompanying notes to financial statements.

On behalf of the Corporations:

Director

Director

To the Board of Directors of the Ontario Waste Management Corporation and to the Minister of the Environment.

We have examined the combined balance sheet of the Ontario Waste Mangement Corporations consisting of the Ontario Waste Management Corp. and the Ontario Waste Management Corporation, as at March 31, 1983 and the combined statements of revenue and expenditure and surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined statements present fairly the financial position of the corporations as at March 31, 1983 and the results of their operations and changes in financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
May 12, 1983.

ONTARIO WASTE MANAGEMENT CORPORATIONS

Combined Statement of Revenue and Expenditure and Surplus for the year ended March 31, 1983

	1983 $	1982 $
Revenue		
Province of Ontario transfer payments	4,900,000	2,032,256
Interest	17,823	6,850
	4,917,823	2,039,106
Expenditure		
Engineering consulting services	2,524,138	847,036
Salaries, wages and employee benefits	697,977	287,759
Communication consulting services	553,081	157,994
Management consulting services	263,411	53,180
Office rent	218,460	68,784
Legal and accounting fees	124,135	58,475
Directors' fees and expenses	114,521	118,881
Travel expense	65,017	42,992
Office supplies and equipment rental	57,792	39,923
Receptions, seminars and conferences	49,331	16,033
Depreciation	38,292	5,728
Telephone and postage	27,749	18,284
Staff recruitment and relocation	22,128	84,922
Moving expense	21,493	–
Education and training	19,057	–
Repairs and maintenance	9,473	15,678
Books, maps and publications	8,154	7,170
Drafting and surveying	6,509	2,152
Miscellaneous	4,096	2,543
Insurance expense	3,170	–
	4,827,984	1,827,534
Excess of revenue over expenditure	89,839	211,572
Surplus, beginning of year	211,572	–
Surplus, end of year	301,411	211,572

Combined Statement of Changes in Financial Position for the year ended March 31, 1983

	1983 $	1982 $
Working Capital Derived From		
Excess of revenue over expenditure	89,839	211,572
Add items not requiring an outlay of working capital:		
Depreciation	38,292	5,728
Forgiven portion of employee loan	1,000	–
	129,131	217,300
Repayment of employee loan	5,000	–
	134,131	217,300
Working Capital Applied To		
Fixed asset additions	306,485	28,640
Loan to employee	–	45,000
	306,485	73,640
Increase (decrease) in working capital	(172,354)	143,660
Working capital at beginning of year	143,663	3
Working capital at end of year	(28,691)	143,663

See accompanying notes to financial statements.

ONTARIO WASTE MANAGEMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1983

1. General

The combined financial statements include the accounts of the Ontario Waste Mangement Corp. and the accounts of the Ontario Waste Management Corporation

The Ontario Waste Management Corp. was incorporated under the Business Corporations Act on January 2, 1981. The Corp. was active up to July 3,1981 at which time all activities and programs of the Corp. were assumed by a new entity, the Ontario Waste Management Corporation established under The Ontario Waste Management Corporation Act, 1981. The assets and liabilities of the Ontario Waste Management Corp. become the assets and liabilities of the Ontario Waste Management Corporation on a day yet to be proclaimed by the Lieutenant Governor in Council.

2. Significant Accounting Policy

Depreciation for furniture and equipment is computed on the declining balance basis at rates designed to amortize the cost of these assets over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

3. Related Party Transaction

In October, 1981, an interest free loan of $50,000 was made to an employee of the Corporation with repayment terms of $5,000 per annum over a ten year period. The Corporation forgave $1,000 of the loan during the fiscal year ending March 31, 1983.

4. Fixed Assets

	Cost	1983 Accumulated Depreciation	Net Book Value	1982 Net Book Value	Depreciation Rate
Furniture	$112,741	$17,434	$ 95,307	$18,955	20%
Equipment	129,704	17,318	112,386	3,957	20%-30%
Leasehold Improvements	92,680	9,268	83,412	—	Term of Lease
	$335,125	$44,020	$291,105	$22,912	

5. Share Capital

The Ontario Waste Management Corp., has authorized share capital of one common share having no par value and this share has been issued to the Province of Ontario as represented by the Minister of the Environment. The Ontario Waste Management Corporation has been incorporated without share capital.

6. Commitment

The Corporation entered into an agreement effective October 1982 to lease office space for 5 years at a rate of $359,600 per annum.

7. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1983 presentation.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Balance Sheet as at March 31, 1983

ASSETS	1983	1982
ESTATES AND TRUSTS		
Cash in bank	$ 382,513	$ 58,750
Funds invested (schedule A)	90,015,016	87,945,770
Bonds	104,001,273	85,752,666
Stocks	6,059,134	5,956,273
Mortgages receivable	4,150,829	4,108,571
Real estate	29,907,991	28,611,940
Pensions and life insurance	41,033,492	37,612,713
Miscellaneous	3,438,205	3,015,163
	278,988,453	253,061,846
Deduct mortgages payable	938,814	893,329
	278,049,639	252,168,517
ADMINISTRATION FUND ACCOUNT (note 2)		
Cash in bank	347,317	68,765
Funds invested (schedule A)	24,691,883	19,865,000
	25,039,200	19,933,765
	$303,088,839	$272,102,282

LIABILITIES		
ESTATES AND TRUSTS		
Patients' estates	$215,679,419	$194,702,482
Crown estates	20,288,947	16,918,983
Deceased persons' estates	5,518,902	5,065,809
Probable escheats	8,069,105	7,743,761
Special trusts and charities	16,582,061	16,280,772
Corporate estates	5,121,762	5,192,858
Crown companies	615,737	583,527
Indian trusts	175,841	185,589
Unclaimed balances	609,479	391,042
Cemetery trusts	5,325,802	5,038,843
Child welfare trusts	62,584	64,851
	278,049,639	252,168,517
ADMINISTRATION FUND ACCOUNT (note 2)		
Current liabilities	446,354	505,698
Assurance fund (note 3)	200,000	200,000
Surplus	24,392,846	19,228,067
	25,039,200	19,933,765
	$303,088,839	$272,102,282

See accompanying schedules and notes to financial statements.

On behalf of the Public Trustee:

Public Trustee

Deputy Public Trustee

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Statement of Revenue and Expenditures
Year ended March 31, 1983

	1983	1982
Revenue		
Fees collected		
Patients' estates	$ 4,091,166	$ 3,251,958
Crown estates	563,880	492,021
Deceased persons' estates	114,733	112,592
Probable escheats	76,044	97,646
Crown companies	13,262	19,368
Special trusts	222,474	162,571
Corporate estates	34,383	14,304
Cemetery trusts	27,877	22,200
Charities	52,402	50,776
	5,196,221	4,223,436
Bank interest	17,057	6,627
Income from funds invested, net (schedule B)	4,969,024	4,926,690
	10,182,302	9,156,753
Expenditures		
Salaries and wages	3,574,171	3,181,875
Employee benefits	500,598	496,177
Transportation and communication	139,876	104,333
Services	665,457	629,395
Supplies and equipment	137,421	111,090
	5,017,523	4,522,870
EXCESS OF REVENUE OVER EXPENDITURES	$ 5,164,779	$ 4,633,883

Statement of Surplus
Year ended March 31, 1983

	1983	1982
BALANCE AT BEGINNING OF YEAR	$19,228,067	$14,594,184
Excess of revenue over expenditures	5,164,779	4,633,883
BALANCE AT END OF YEAR	$24,392,846	$19,228,067

See accompanying schedules and notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Details of Funds Invested
As at March 31, 1983

SCHEDULE A

	1983	1982
Bank term deposits	$ 23,711,067	$ 16,700,000
Bonds (schedule C)	88,650,940	88,637,762
Accrued interest	2,258,517	2,416,373
Cash in bank	86,375	56,635
	$114,706,899	$107,810,770
Allocated as follows:		
Estates and trusts	$ 90,015,016	$ 87,945,770
Administration fund account (note 2)	24,691,883	19,865,000
	$114,706,899	$107,810,770

Income from Funds Invested
Year ended March 31, 1983

SCHEDULE B

	1983	1982
Interest earned on investments	$10,001,612	$10,494,887
Interest earned on bank accounts	235,319	236,326
	10,236,931	10,731,213
Deduct interest allowed	5,267,907	5,804,523
Income from funds invested, net	$ 4,969,024	$ 4,926,690

Details of Bonds
As at March 31, 1983

SCHEDULE C

	Par value	Amortized cost
Province of Ontario	$ 13,450,000	$ 13,437,515
Ontario Hydro	75,687,000	75,213,425
	$ 89,137,000	$ 88,650,940

See accompanying notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements
Year ended March 31, 1983

1. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of accounting

Fees collected and bank interest are recorded on a cash basis of accounting which, for expenditures, is modified to allow an additional thirty days to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for the pay period which overlaps the fiscal year end date are apportioned between the two years. Net income from funds invested is recorded on an accrual basis.

(b) Funds invested

Funds are invested in income producing securities which are normally held until their maturity. Such securities are traded only if any resultant loss on sale can be recovered through investment in replacement securities prior to the maturity date of the securities being traded. Accordingly, the securities are recorded at cost adjusted for the amortization of premiums or discounts on purchase.

(c) Stocks and bonds of estates and trusts

Stocks and bonds for all Estates and Trusts, except Cemetery Trusts, are recorded at the value of the stocks and bonds at the time of taking over of the Estates and Trusts. This valuation is determined by the Public Trustee's security department. The bonds of Cemetery Trusts are valued at par.

(d) Real estate

Real estate is recorded at appraised value at time of incorporation of the trust and is subject to periodic subsequent adjustments.

(e) Pensions

Pensions are recorded at the estimated annual amount receivable by the trusts.

(f) Life Insurance

Life insurance is recorded at its cash surrender value at the time of taking over of the Estates and Trusts.

(g) Fixed assets

Fixed assets are recorded as expenditures when purchased.

2. ADMINISTRATION FUND ACCOUNT

The Administration Fund is the operating account of the Public Trustee. It is used to accumulate fees charged each estate for services, as prescribed by the regulations under the Public Trustee Act.
Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of estate and trust accounts. The Administration Fund receives the net interest income of these investment activities, after interest is allowed on the Estate and Trust Funds in accordance with regulations under the Act.
All operating expenses of the office of the Public Trustee are paid from the Administration Fund.
The Lieutenant Governor in Council may from time to time direct the payment into the Province's Consolidated Revenue Fund of any balance at the credit of the Administration Fund. The most recent such direction was made by Order in Council dated September 6, 1972 whereunder $8,500,000 was paid out of the Administration Fund into the Consolidated Revenue Fund of the Province.

3. ASSURANCE FUND

The regulations under the Act provide that an Assurance Fund be established to meet losses for which the office of the Public Trustee might become liable. At the direction of the Advisory Committee, transfers from the Administration Fund in the amounts of $25,000 and $175,000 were made in September 1942 and March 1957, respectively. A resolution of the Advisory Committee on September 25, 1974 recommended the continuance of this Fund in the amount of $200,000.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

TO THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO AND
TO THE ATTORNEY GENERAL

I have examined the balance sheet of the Public Trustee of the Province of Ontario as at March 31, 1983 and the statements of revenue and expenditures and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Public Trustee of the Province of Ontario as at March 31, 1983 and the results of operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Public Trustee and to the Attorney General.

D. F. Archer

Toronto, Ontario,
May 6, 1983.

D. F. Archer, F.C.A.
Provincial Auditor.

TEACHERS' SUPERANNUATION FUND

Statement of Assets and Liabilities
December 31, 1982
(Expressed in Thousands)

ASSETS

	1982 $	1981 $
Cash	876	377
Receivable from the Province of Ontario		
Contributions by the Province	153,017	139,879
Interest on contributions	15,025	13,735
Recovery of pension costs		
Minimum pension subsidy	1,307	1,340
Pension escalations under the Superannuation Adjustment Benefits Act Section 11(2)	4,581	3,875
Short term notes, at cost plus accrued interest of $602 ($1,358 in 1981)	84,602	90,853
Province of Ontario debentures, at cost plus accrued interest of $157,127 ($121,400 in 1981)	5,344,227	4,528,700
	5,603,635	4,778,759

LIABILITIES

Accounts payable and accrued liabilities	2,037	1,775
Payable to school boards, net	314	414
Due to Superannuation Adjustment Fund	903	413
	3,254	2,602

CAPITAL FUND

Balance at beginning of year	4,776,157	4,105,844
Add excess of revenue over expenditure	824,224	670,313
Balance at end of year	5,600,381	4,776,157
	5,603,635	4,778,759

See accompanying notes to financial statements.

Approved by

Chairman

Director

TEACHERS' SUPER

Statement of Revenue
Year ended
(Expressed in

REVENUE	1982 $	1981 $
Contributions from participants		
Teaching for Ontario boards	172,346	147,147
Teaching in designated private schools	3,108	2,812
Outside services	162	226
Miscellaneous	7,164	5,396
	182,780	155,581
Contributions from the Province of Ontario per section 25 of the Teachers' Superannuation Act, including interest of $15,025 ($13735 in 1981)	168,042	153,613
Special payments from the Province of Ontario		
Interest on 1966 actuarial unfunded liability	22,980	22,980
Additional annual payment in respect of post 1966 actuarial unfunded liability and interest thereon	96,847	69,819
	119,827	92,799
Interest earned		
Province of Ontario debentures	481,140	385,096
Short term notes	21,852	19,186
Repayments of refunds and sundry interest	1,697	1,806
	504,689	406,088
Transfers from other pension funds	2,375	1,815
Repayments of refunds by former participants resuming teaching	635	730
	978,348	810,626

ANNUATION FUND

and Expenditure
December 31, 1982
Thousands)

EXPENDITURE	1982 $	1981 $
Pensions paid		
Service	200,438	176,240
Disability	10,232	9,218
Dependents	13,666	11,669
Joint annuities	70	65
	224,406	197,192
Less:		
Recovery of pension costs from the Province of Ontario		
Minimum pension subsidy	15,987	16,507
Pension escalations under the Superannuation Adjustment Benefits Act Section 11(2)	55,770	47,090
	71,757	63,597
Recovery of pension escalations from Superannuation Adjustment Fund	15,750	10,313
	87,507	73,910
Net pensions paid	136,899	123,282
Refunds of contributions and interest thereon		
To participants who have withdrawn	9,600	11,003
To representatives of deceased participants	1,019	554
	10,619	11,557
Transfers to other pension funds	2,896	2,253
Administration expenses	3,710	3,221
TOTAL EXPENDITURE	154,124	140,313
EXCESS OF REVENUE OVER EXPENDITURE ADDED TO CAPITAL	824,224	670,313
	978,348	810,626

See accompanying notes to financial statements.

TEACHERS' SUPERANNUATION FUND

Statement of Province of Ontario Debentures
December 31, 1982
(Expressed in Thousands)

INVESTMENTS	1982 $	1981 $
Investments consist of the following:		
Province of Ontario debentures at cost:		
6% due November 1, 1982		74,200
6% due November 1, 1987	176,000	176,000
6% due November 1, 1992	454,500	454,500
8.57% due May 1, 1996	18,000	18,000
8.57% due November 1, 1996	74,000	74,000
8.57% due January 1, 1997	18,000	18,000
8.57% due March 30, 1997	62,000	62,000
7.86% due May 1, 1997	25,500	25,500
7.86% due November 1, 1997	84,500	84,500
7.86% due January 1, 1998	9,500	9,500
8.06% due April 2, 1993	50,000	50,000
8.06% due May 1, 1993	32,000	32,000
8.06% due October 1, 1993	5,000	5,000
8.06% due November 1, 1993	92,000	92,000
8.06% due January 1, 1994	16,000	16,000
8.39% due April 1, 1999	2,600	2,600
8.39% due May 1, 1999	46,000	46,000
8.39% due September 30,1999	40,000	40,000
8.39% due November 1, 1999	117,000	117,000
8.39% due January 1, 2000	80,500	80,500
10.04% due May 1, 1995	50,000	50,000
10.04% due November 1, 1995	119,500	119,500
10.04% due January 1, 1996	28,000	28,000
10.11% due May 1, 2001	59,000	59,000
10.11% due November 1, 2001	74,000	74,000
10.11% due January 1, 2002	132,000	132,000
10.11% due February 1, 2002	10,500	10,500
10.11% due March 1, 2002	17,500	17,500
10.11% due March 31, 2002	41,500	41,500
9.82% due May 1, 2002	62,000	62,000
9.82% due November 1, 2002	80,000	80,000
9.82% due January 1, 2003	338,000	338,000
9.82% due March 30, 2003	8,000	8,000
9.51% due May 1, 1998	69,000	69,000
9.51% due November 1, 1998	122,000	122,000
9.51% due January 1, 1999	298,000	298,000
9.83% due May 1, 1999	83,000	83,000
9.83% due November 1, 1999	136,000	136,000
9.83% due January 1, 2000	318,000	318,000
11.05% due May 1, 2000	93,000	93,000
11.05% due November 1, 2000	180,000	180,000
11.05% due January 1, 2001	296,000	296,000
13.34% due May 1, 2003	125,000	
13.34% due November 1, 2003	190,000	
13.34% due January 1, 2004	355,000	
Deposits with the Province of Ontario to be used in purchasing Province of Ontario debentures at 15.38% (1981 – 13.34%)	499,000	315,000
	5,187,100	4,407,300
Accrued Interest	157,127	121,400
	5,344,227	4,528,700

TEACHERS' SUPERANNUATION FUND

Notes to Financial Statements

Year ended December 31, 1982

1. ACCOUNTING POLICIES

(a) Fixed assets

In accordance with the provisions of the Teachers' Superannuation Act, all expenditures on real property are reflected as administration expenses in the statement of revenue and expenditure in the period of acquisition as are all other purchases of fixed assets.

(b) Revenue

Contributions from participants are reflected in the year in which they are received. Contributions from the Province of Ontario are reflected in the year in which payment is due while special payments from this source are reflected in the year of receipt.

Interest earned on short term notes and Province of Ontario debentures is recorded on an accrual basis.

(c) Refunds of contributions and repayments of refunds

The liability of the Fund for refunds of contributions to participants who have left the profession and have not yet withdrawn their contributions is not specifically set up. Refunds are recorded as expenditures only when paid since the liability for refunds is considered an actuarial liability similar to that for annuities. In addition, repayments of refunds from participants who withdrew their contributions upon temporarily leaving the profession but who have since resumed teaching, are recorded as revenue when received. No asset has been set up for these amounts.

2. UNFUNDED LIABILITY

The most recent triennial actuarial review of the Teachers' Superannuation Fund was made as at December 31, 1978. As of that date this review disclosed an unfunded liability of $1,096,000,000. Of this amount $328,282,000 represents the initial unfunded liability as at December 31, 1966. The balance of $767,718,000 represents the additional unfunded liability which has arisen since December 31, 1966.

The Province of Ontario has been making special annual payments of interest and principal into the fund in accordance with the regulations under the Pension Benefits Act.

The special payments are designed to:

– prevent an increase in the initial unfunded liability
– liquidate the additional unfunded liability over a period ending December 31, 1990.

Future special payments will be required as follows:

$119,827,000 for the next seven years ending December 31, 1989
$116,657,000 for the year ending December 31, 1990, and
$ 22,980,000 payable annually thereafter.

At the direction of the Minister of Education the Teachers' Superannuation Commission, which administers the Fund, has commenced the policy of updating the latest triennial actuarial valuation annually on a limited basis. The most recent available annual update, made as of December 31, 1980, indicated an unfunded liability of $811,000,000. However, in accordance with regulations under the Pension Benefits Act, the Province will not adjust its minimum annual payment until the completion of the next triennial valuation as at December 31, 1981.

3. COMPARATIVE FIGURES

Certain 1981 figures have been reclassified to conform with the financial statement presentation adopted for 1982.

SCHEDULE A

TEACHERS' SUPERANNUATION FUND

Administration Expenses
Year ended December 31, 1982
(Expressed in Thousands)

	1982	1981
	$	$
Staff salaries	2,275	1,969
Staff benefits	305	264
Commissioners' salaries	19	18
Travel expense	52	36
Actuarial services	89	24
Consulting services	5	8
Translation services	14	17
Medical fees	14	7
Audit fees	35	28
Legal fees	23	16
Other professional services	11	18
Postage	85	69
Printing and stationery	136	154
Other data center services	269	258
Rental of data processing and office equipment	66	57
Office equipment and furniture	88	37
Repairs and maintenance:		
Building	50	57
Office	22	40
Utilities	87	89
Insurance	4	3
Bank charges	36	28
Sundry expenses	25	24
	3,710	3,221

TEACHERS' SUPERANNUATION FUND

Year ended December 31, 1982

To the Members of the Teachers' Superannuation Commission and
to the Minister of Education and Colleges and Universities
and to the Treasurer of Ontario.

I have examined the statements of assets and liabilities and Province of Ontario debentures of the Teachers' Superannuation Fund as at December 31, 1982 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1982 and the results of its operations for the year then ended in accordance with accounting policies set out in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Commission, to the Minister and to the Treasurer of Ontario.

D. F. Archer

Toronto, Ontario
January 21, 1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

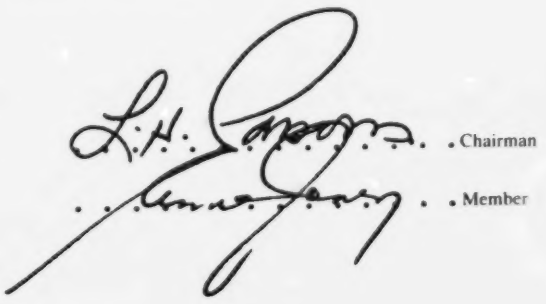
TORONTO AREA TRANSIT OPERATING AUTHORITY

(Incorporated without share capital under the Toronto Area Transit Operating Authority Act, 1974)

Balance Sheet as at March 31, 1983
(In thousands of dollars)

	1983	1982
ASSETS	$	$
Current		
Cash	59	10,884
Accounts receivable	5,330	1,127
Deposit with C.N.R.	8,340	6,450
Due from the Province of Ontario	10,065	5,755
Spare parts and supplies	3,213	2,597
Prepaid expenses	217	263
	27,224	27,076
Fixed		
Land	25,538	23,899
Buildings and equipment (Note 2)	114,921	102,207
Leasehold improvements, net of accumulated amortization of $123 (1982 – $83)	1,056	718
Improvements to railway right of way and railway plant, net of accumulated amortization of $14,110 (1982 – $9,537)	89,231	85,117
Construction in progress		
Toronto Transportation Terminal Project (Note 3)	15,196	10,666
Bi-level Commuter Cars	33,826	9,215
Other	496	2,980
	280,264	234,802
	307,488	261,878
LIABILITIES		
Current		
Accounts payable and accrued liabilities	24,582	24,722
Unearned revenue in respect of tickets sold and not used	478	546
	25,060	25,268
EQUITY		
Province of Ontario	282,428	236,610
	307,488	261,878

On behalf of the Members:



. Chairman

. Member

See accompanying notes to financial statements.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Equity
for the year ended March 31, 1983
(In thousands of dollars)

	1983	1982
	$	$
Equity at beginning of year	236,610	205,698
Capital contribution from the Province of Ontario	58,197	44,651
	294,807	250,349
Amortization of capital contributions	(12,379)	(13,739)
Equity at end of year	282,428	236,610

Statement of Operations
for the year ended March 31, 1983
(In thousands of dollars)

	1983	1982
	$	$
Revenue		
Commuter services	38,675	32,621
Sundry revenue (Note 5)	2,202	3,243
	40,877	35,864
Expenses (Note 6)		
Train and bus operations	58,752	52,628
Terminals and plant	26,495	23,790
General and administration	13,876	11,181
	99,123	87,599
Loss from operations	58,246	51,735
Operating subsidy from the Province of Ontario including amortization of capital contributions of $12,379 (1982 – $13,739)	58,246	51,735
Net income for the year	–	–

See accompanying notes to financial statements.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Changes in Financial Position
for the year ended March 31, 1983
(In thousands of dollars)

	1983 $	1982 $
Source of funds		
Capital contributions and operating subsidies from the Province of Ontario, net of amortization	104,064	82,648
Proceeds on disposal of fixed assets	632	—
	104,696	82,648
Application of funds		
Loss from operations	58,246	51,735
Less items not requiring an outlay of funds		
Depreciation and amortization	(12,379)	(12,679)
Loss on disposal of fixed assets	(106)	—
	45,761	39,056
Capital expenditures		
Land, buildings and equipment	13,762	8,124
Improvements to railway right of way and to railway plant	6,253	14,596
Leasehold improvements	378	—
Construction in progress		
Bi-level Commuter Cars	33,160	9,215
Toronto Transportation Terminal Project	4,530	6,941
Other	496	1,751
Milton Rail Project	—	3,748
	58,579	44,375
	104,340	83,431
(Decrease) increase in working capital	356	(783)
Working capital at beginning of year	1,808	2,591
Working capital at end of year	2,164	1,808
Represented by:		
Current assets	27,224	27,076
Current liabilities	25,060	25,268
	2,164	1,808

See accompanying notes to financial statements.

Notes to Financial Statements
for the year ended March 31, 1983
(In thousands of dollars)

1. Summary of Significant Accounting Policies

(a) General
The financial statements are prepared on the accrual basis using generally accepted accounting principles.

(b) Spare parts and supplies
Spare parts and supplies are valued at the lower of cost and replacement cost. The Authority uses the first-in, first-out method to record transfers from spare parts and supplies.

(c) Fixed assets
Fixed assets are valued at cost. Cost in respect of assets acquired from the Ministry of Transportation and Communications on April 1, 1975, was determined as replacement cost as at that date, less depreciation calculated on the replacement values on a straight-line basis.

The Authority provides for the depreciation and amortization of the various classes of assets over their estimated useful lives on a straight line basis. Depreciation for locomotives and auxiliary power control units is calculated as the straight line rate applied to 175% of cost. The purpose of this practice is to allow for overhaul costs

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements – Continued
(In thousands of dollars)

which, when capitalized, do not affect depreciation charges. Fixed asset categories and their corresponding depreciation rates are as follows:

Buildings and equipment	
Shelters and ticket booths	20%
Other buildings	5%
Locomotive and auxiliary power control units	4%
Other railway rolling stock	4%
Buses	8.3%
Parking lots	5%
Sundry – Furniture and fixtures	8.3%
– Other	20%
Improvements to rail right of way and railway plant	5%
Leasehold improvements	5%

When an asset is sold or otherwise disposed of, the costs and accumulated depreciation pertaining to that asset are removed from the accounts and a gain or loss is recorded in the statement of operations.

(d) Commuter services revenue
Revenue is recognized when the transportation service is provided. Unearned amounts are treated as current liabilities.

(e) Subsidies
Operating subsidies paid by the Province of Ontario are treated as reductions of operating losses. Capital contributions from the Province of Ontario are included in equity and are amortized to income over the useful life of the related assets.

2. BUILDINGS AND EQUIPMENT

	1983			1982
	Cost	Accumulated depreciation	Net book value	Net book value
	$	$	$	$
Buildings	28,561	5,915	22,646	22,239
Locomotive and auxiliary power control units	23,706	8,077	15,629	8,115
Bi-level commuter cars	8,550	–	8,550	–
Other railway rolling stock	72,615	20,576	52,039	55,282
Buses	17,970	8,491	9,479	11,493
Parking lots	5,519	1,386	4,133	3,238
Sundry	3,618	1,173	2,445	1,840
	160,539	45,618	114,921	102,207

3. TORONTO TRANSPORTATION TERMINAL PROJECT

The Toronto Transportation Terminal Project initially involved the Province of Ontario, the Authority, the Government of Canada, the Canadian National Railway, Canadian Pacific Limited and the Toronto Terminals Railway Company. As the parties could not reach agreement on a satisfactory cost sharing arrangement for the capital costs of the project, work is proceeding at the Authority's expense on a modified program which provides only for the immediate needs of GO Transit services.

4. OPERATING AGREEMENTS

The services provided by the Authority are operated by outside parties using vehicles and rolling stock owned by the Authority. These services are governed by the following agreements:

Party	*Period of Agreement*
Canadian National Railway	June 1, 1977 to May 31, 1987
Gray Coach Lines	January 1, 1982 to December 31, 1983 (renewal under negotiation)
Travelways Maple Leaf Limited	October 26, 1980 to October 29, 1983
Charterways Transportation Limited	December 1, 1982 to November 30, 1983
Canadian Pacific Limited	October 26, 1981 to October 25, 1991

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements – Concluded
(In thousands of dollars)

5. SUNDRY REVENUE

The details of sundry revenue are as follows:

	1983	1982
	$	$
Other income	1,367	1,413
Interest income	410	445
Equipment rentals	233	1,139
Advertising revenue	192	246
	2,202	3,243

6. EXPENSES

The details of expenses are as follows:

	1983	1982
	$	$
Salaries, wages and fringe benefits	13,173	10,336
Payments to outside parties for operation of services	38,856	34,175
Fuel and oil	8,921	8,048
Other expenses	15,050	12,971
Total operating expenses before the undernoted items	76,000	65,530
Leases, rentals and user charges	10,744	8,330
Depreciation and amortization	12,379	13,739
Total expenses	99,123	87,599

Of the total expenses above, $76,000 (1982 – $65,530) is recognized as recoverable, in part, from passengers. The target amount to be ultimately recovered from passengers has been established as 65% of the recoverable expenses. In 1983, total revenue amounted to $40,877 (1982 – $35,864) and represents a recovery of 53.8%, (1982 – 54.7%) of the recoverable expenses.

7. LEASE COMMITMENTS

Long-term leases in effect at March 31, 1983 expire in varying periods from one to seventeen years and require the following minimum annual rental payments over the next five years:

1983-1984	$1,244
1984-1985	680
1985-1986	426
1986-1987	390
1987-1988	362

8. CAPITAL COMMITMENTS

The nature and amount of capital commitments undertaken by the Authority, net of payments made to March 31, 1983, are outlined below:

		$
Agreements for the development of the Toronto Transportation Terminal Project as mentioned in Note 3		18,520
71 Bi-level Commuter Cars for delivery 1983-1984.		
Total contract price for 71 cars	68,673	
Progress payments to March 31, 1983	42,603	
Balance of payment, subject to escalation adjustments		26,070

9. PENSIONS

The Authority provides pension benefits for its employees through participation in the Public Service Superannuation Fund established by the Province of Ontario. The Province is amortizing the unfunded liability of the plan through a series of annual payments and has charged the Authority for its share of such payments for the year.

10. COMPARATIVE FIGURES

Certain comparative figures have been changed to conform with the presentation adopted in 1983.

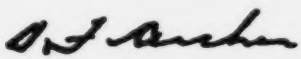
TORONTO AREA TRANSIT OPERATING AUTHORITY

To the Members of the Toronto Area Transit Operating Authority and
to the Minister of Transportation and Communications.

I have examined the balance sheet of the Toronto Area Transit Operating Authority as at March 31, 1983 and the statements of equity, operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Authority and to the Minister.



Toronto, Ontario,
May 20, 1983.

D. F. Archer, F.C.A.,
Provincial Auditor.

URBAN TRANSPORTATION

Consolidated Balance Sheet
(in thousands

ASSETS	1982 $	1981 $
CURRENT ASSETS		
Cash	189	1,004
Short-term deposits and notes	9,564	27,660
Accounts receivable	15,383	8,722
Inventories	420	—
Due from shareholder – Province of Ontario	1,923	13,595
Prepaid expenses	142	107
	27,621	51,088
HOLDBACKS RECEIVABLE (note 2)	2,370	—
DEFERRED CONTRACT COSTS (note 3)	35,543	1,774
FIXED ASSETS (note 4)	29,783	21,255
DEVELOPMENT AND DESIGN COSTS	16,626	17,332
OTHER ASSETS (note 5)	655	558
	112,598	92,007

Signed on behalf of the Board

Director

Director

DEVELOPMENT CORPORATION LTD.

as at December 31, 1982
of dollars)

	1982	1981
LIABILITIES	$	$
CURRENT LIABILITIES		
Note payable	685	–
Accounts payable and accrued liabilities	13,564	10,850
Current portion of long-term debt	–	300
	14,249	11,150
HOLDBACKS PAYABLE (note 2)	2,299	–
DEFERRED REVENUE (note 6)	41,063	28,973
LONG-TERM DEBT, less current portion (note 7)	1,180	1,180
	58,791	41,303
SHAREHOLDER'S EQUITY		
CAPITAL STOCK		
Authorized –		
20,000,000 common shares		
Issued and fully paid –		
14,240,008 common shares	35,691	35,691
RETAINED EARNINGS	5,480	918
EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED COST (note 1d))	12,636	14,095
	53,807	50,704
	112,598	92,007

RBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Consolidated Statement of Earnings and Retained Earnings for the year ended December 31,1982 (in thousands of dollars)

	1982	1981
	$	$
REVENUE		
Contract (Note	64,143	49,062
Interest income	5,267	5,160
	69,410	54,222
EXPENSES		
Contract Costs	55,488	45,913
inistrative	6,557	4,521
General and Ac	2,271	2,129
Depreciation	1,991	1,513
Interest		
	66,307	54,076
NET EARNINGS FOR E YEAR	3,103	146
RETAINED EARNING DEFICIT) – BEGINNING OF YEAR	918	(926)
Transfer of exc s of appraised value of fixed assets over depreciated cost	1,459	1,698
	2,377	772
RETAINED EARNING – END OF YEAR	5,480	918

Consolidated Statement of Changes in Financial Position for the year ended December 31,1982 (in thousands of dollars)

	1982	1981
	$	$
SOURCE OF WORKIN CAPITAL		
Net earnings fo he year	3,103	146
Items not requi g an outlay of funds –		
enue taken into income	(3,106)	(26,594)
Deferred r	2,271	2,129
Depreciati	–	33,460
Deferred c tract costs charged against income	–	2,863
Amortizati of development and design costs	2,188	12,004
Provided by op ations	15,276	28,973
Increase in def ed revenue	2,299	–
Increase in hol acks payable	–	30,600
Issuance of cor non shares	–	1,180
Increase in lon erm debt	–	871
Decrease in oth assets	19,763	73,628
USE OF WORKING C PITAL		
Increase in def ed contract costs	19,113	1,774
Increase in def ed development and design costs	13,950	17,332
Additions to fi d assets	10,799	4,447
Increase in hol acks receivable	2,370	–
Increase in oth assets	97	–
Current portio f long-term debt	–	300
	46,329	23,853
(DECREASE) INCRE IN WORKING CAPITAL	(26,566)	49,775
WORKING CAPITAL EFICIENCY) – BEGINNING OF YEAR	39,938	(9,837)
WORKING CAPITAL END OF YEAR	13,372	39,938

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements
for the year ended December 31,1982

1. ACCOUNTING POLICIES

(a) Consolidation
These financial statements include the accounts of the corporation and its wholly-owned subsidiaries.

(b) Inventories
Raw materials are valued at lower of cost and replacement cost. Work-in-progress and finished goods are valued at lower of cost and net realizable value.

(c) Deferred contract costs
Expenditures on long-term contracts, other than those which are on a cost reimbursable basis, are deferred until such time as deliveries are made.

(d) Fixed assets
Fixed assets are recorded at cost except for the Intermediate Capacity Transit System (ICTS) – test track which is recorded at appraised value as at December 31, 1980. The vehicle control centre and test equipment have been valued at market value established by Danbury Sales (1971) Ltd. The building, guideways, track, site services and other components have been valued on the basis of depreciated replacement value established by A. E. Le Page (Ontario) Limited. Additions to the test track facilities subsequent to December 31, 1980 are recorded at cost.

Depreciation commences when the asset is put into service and terminates upon disposal.

Fixed assets are being depreciated by the declining balance method at the following rates per annum. The excess of appraised value of fixed assets over depreciated cost is transferred to retained earnings using the aforementioned method and the following rates:

	Rate %
ICTS – Test Track Facilities	
Building	5
Vehicle Control Centre	30
Guideways	5
Pre-production vehicles	10
Test equipment	30
Other components	10
Track	10
Site services	10
Other operations	
Buildings and land improvements	5 and 10
Automobiles	30
Furniture and office equipment	20
Equipment	30
Manufacturing equipment	10

Leasehold improvements are being amortized over the term of the lease plus one renewal period.

(e) Development and design costs
The corporation defers expenditures which are identified with those specific projects for which, in management's opinion, marketable products have been designed and commercial markets identified.

These costs are allocated to contracts on the basis of the corporation's estimate of the market for these products. When a contract is signed, the applicable development and design costs are allocated to deferred contract costs and subsequently amortized on the same basis as revenue is recognized.

(f) Patents
Patents are recorded at cost and are amortized on a straight-line basis over a period of ten years.

(g) Revenue recognition
Revenues on long-term contracts, other than those which are on a cost reimbursable basis, are deferred until such time as deliveries are made.

The corporation includes in current revenue all reimbursable costs and the minimum amount of the fee under the terms of the contracts. The balance of the fee will be deferred until such time as the contracts are completed.

(h) Translation of foreign currencies
Assets and liabilities and all profit and loss accounts have been converted to Canadian funds at the prevailing rate of exchange at the year end.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements—Continued
for the year ended December 31,1982

2. HOLDBACKS RECEIVABLE AND PAYABLE

Holdbacks receivable and payable represent 15% of the invoiced amounts withheld by both the corporation and its customers relating to ICTS construction activities. The amounts will be settled upon the expiry of the applicable statutory period of builders' or mechanics' liens.

3. DEFERRED CONTRACT COSTS

	1982	1981
	(in thousands of dollars)	
BC Transit	27,675	1,734
Toronto Transit Commission	4,538	40
Southeastern Michigan Transit Authority	1,535	–
Other	1,795	–
	35,543	1,774

4. FIXED ASSETS

	1982			1981
	Carrying value (note 1(d))	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
TEST TRACK FACILITIES				
Building	2,203	179	2,024	1,438
Vehicle Control Centre	1,300	663	637	910
Guideways	2,421	236	2,185	2,300
Pre-production vehicles	1,800	–	1,800	–
Test equipment	200	102	98	140
Other components	7,362	1,371	5,991	6,378
Track	4,243	656	3,587	2,644
Site services	2,276	433	1,843	2,048
Construction in progress	–	–	–	1,438
	21,805	3,640	18,165	17,296

	1982			1981
	Cost	Accumulated depreciation/ amortization	Net	Net
	(in thousands of dollars)			
OTHER OPERATIONS				
Land	490	–	490	490
Buildings and land improvements	7,772	317	7,455	1,198
Automobiles	292	133	159	157
Furniture and office equipment	2,642	453	2,189	309
Equipment	536	236	300	177
Manufacturing equipment	1,019	22	997	–
Construction in progress	–	–	–	1,618
	12,751	1,161	11,590	3,949
Leasehold improvements – at cost	44	16	28	10
	12,795	1,177	11,618	3,959
	34,600	4,817	29,783	21,255

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements—Continued
for the year ended December 31,1982

5. OTHER ASSETS

Other assets including patents and other long-term assets are recorded at cost net of accumulated amortization of $121,000 (1981 – $50,000).

6. DEFERRED REVENUE

	1982	1981
	(in thousands of dollars)	
BC Transit	31,589	25,091
Toronto Transit Commission	6,193	–
Southeastern Michigan Transit Authority	2,558	–
Light Rail Vehicle Programs	696	2,664
Other	27	1,218
	41,063	28,973

7. LONG-TERM DEBT

	1982	1981
	(in thousands of dollars)	
9.85% note payable to Canadian Imperial Bank of Commerce	–	300
16.25% first mortgage due in September 1983, secured by land owned by the corporation and incurring monthly interest payments of $15,979. It is management's intention to renew the mortgage upon its maturity	1,180	1,180
	1,180	1,480
Current portion of long-term debt	–	300
	1,180	1,180

8. CONTRACT REVENUE

	1982	1981
	(in thousands of dollars)	
BC Transit	50,322	5,191
Province of Ontario—Ministry of Transportation and Communications	4,567	–
Light Rail Vehicle Program	3,242	41,471
Southeastern Michigan Transit Authority	1,535	–
Toronto Transit Commission	577	–
Other	3,900	2,400
	64,143	49,062

9. COMMITMENTS

The corporation has entered into, or assumed responsibility for, the following significant contracts:

(a) BC Transit

The corporation has contracted with the BC Transit (BCT) to implement a 23-kilometre ICTS in Vancouver including delivery of 114 vehicles by 1986 at an approximate price in 1979 dollars of $324 million which is subject to escalation and approximates $450 million in 1982 dollars. Purchase commitments to December 31, 1982 relating thereto are approximately $110 million.

As specified under the terms of this contract, the corporation has furnished BCT with a performance bond issued by a surety company in the amount of $300 million. In addition, the corporation has obtained a guarantee of the Province of Ontario in favour of the surety should the corporation be unable to indemnify the surety for any payment made under this performance bond. A warranty bond in the amount of $50 million has also been provided to BCT upon expiry of the performance bond. It is management's policy to secure similar guarantees or performance and warranty bonds from its sub-contractors and suppliers.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements—Continued for the year ended December 31,1982

(b) Southeastern Michigan Transportation Authority (SEMTA)

The corporation has contracted with the Southeastern Michigan Transportation Authority to implement a 4.7 kilometre ICTS in Detroit including delivery of 13 vehicles by 1985 at an approximate selling price in 1980 dollars of $117 million ($94 million—U.S. funds) which is subject to escalation and approximates $134 million ($108 million—U.S. funds) in 1982 dollars.

The corporation has furnished to SEMTA a separate $43 million ($35 million—U.S. funds) performance bond and a $31 million ($25 million—U.S. funds) payment bond as security for the performance of the work and payment of all obligations.

(c) Toronto Transit Commission

The corporation has contracted with the Toronto Transit Commission (TTC) to supply 24 ICTS vehicles and related support activities for a Scarborough Transit System by 1984 at an approximate selling price in 1981 dollars of $32 million which is subject to escalation and approximates $37.5 million in 1982 dollars.

In addition, the corporation has contracted with the Ministry of Transportation and Communications (MTC) to provide vehicle engineering design and project management relating to this contract for an approximate selling price of $8.9 million in 1981 dollars which is subject to escalation and approximates $9.7 million in 1982 dollars.

Purchase commitments to December 31, 1982 relating to the above contracts are approximately $6.8 million.

(d) Operating lease commitments

The corporation is committed to total minimum rentals in the amount of approximately $3 million (1981—$1.1 million) under operating leases for premises which expire during periods ended up to 1987. The minimum annual rental payments due are as follows:

	$
1983	890,000
1984	882,000
1985	732,000
1986	324,000
1987	185,000

(e) Other

The corporation is committed to various suppliers at December 31, 1982 in the approximate amount of $1.1 million (1981—$4.2 million) for design and development expenses.

10. CONTINGENCIES

(a) BCT Contract

Under the terms of the contract with BCT, the corporation is contingently liable for damages up to a maximum of $12 million if the ICTS does not attain specific reliability criteria during the second year of revenue service as defined in the contract, in the event that an operations and maintenance contract between BCT and the corporation is in force. In addition, the contract provides for a bonus of up to $5 million if the system is operative prior to the scheduled completion date. Should the system not be operative until after the scheduled completion date then the corporation would be obligated to pay a penalty up to a maximum of $8 million.

(b) SEMTA Contract

Under the terms of the contract with SEMTA the corporation could be obligated to pay up to a maximum amount of $1.2 million ($1 million—U.S. funds) if certain schedule and reliability criteria are not attained.

11. PENSION PLANS

The corporation has pension plans covering all permanent employees. It is the corporation's policy to fund pension costs as accrued based on actuarial valuations performed a minimum of every three years. As at December 31, 1981, the date of the last actuarial valuation, the pension plans were fully funded.

12. VENTURETRANS MANUFACTURING INC.

During the year, a shareholder's agreement with TIW Industries Ltd. was amended and as a result the corporation acquired all of the outstanding shares of VentureTrans Manufacturing Inc. At December 31, 1982 an amount of $528,000 is included in accounts payable representing the final consideration for the acquisition.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements – Concluded
for the year ended December 31, 1982

13. INCOME TAXES

The corporation and most of its subsidiary companies are exempt from income tax under Section 149(1)(d) of The Income Tax Act. A subsidiary company incorporated under the laws of the State of Delaware, U.S.A., is subject to income tax. At December 31, 1982, this subsidiary had tax losses in the approximate amount of U.S. $483,000 (1981 – U.S. $240,000) to apply against future taxable income.

14. RELATED PARTY TRANSACTIONS

The corporation is obligated under a royalty agreement to make payments to its shareholder based on cash received from the sale of ICTS technology. Under the terms of the agreement, the corporation has made payments of approximately $584,000 during the year (1981 – $456,000).

15. SUBSEQUENT EVENT

On February 28, 1983 the corporation entered into an agreement with Hawker-Siddeley Canada Inc. (Hawker-Siddeley) to form a corporation to manufacture transit vehicles. The new entity, which will be owned 80% by the corporation, will purchase effective January 3, 1984 the majority of assets of the Canadian Car Division of Hawker-Siddeley as well as all of the shares of VentureTrans Manufacturing Inc. (VentureTrans).

The Canadian Car Division's assets will be purchased for approximately $9 million of which $2.5 million will be in the form of participating preferred shares and $6.5 million in the form of debt to be guaranteed by the corporation. The shares of VentureTrans will be purchased for $10.5 million less amounts owing to the corporation by VentureTrans on closing which will not exceed $9.7 million.

Auditors' Report to the Shareholder

We have examined the consolidated balance sheet of Urban Transportation Development Corporation Ltd. as at December 31, 1982 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Chartered Accountants

February 10, 1983
(February 28, 1983 as to note 15)

WORKERS' COMPENSATION BOARD

(formerly Workmen's Compensation Board – Note 13)

Balance Sheet
Schedule 1 Accident Fund
December 31, 1982

	1982 $000's	1981 $000's
ASSETS		
Cash	10,068	3,546
Investments (Note 3)	1,625,285	1,569,295
Other assets (Note 4)	266,469	248,674
Land, buildings and equipment (Note 5)	19,094	19,094
	1,920,916	1,840,609
LIABILITIES		
Accounts payable and accrued charges (Note 6)	39,029	46,749
Estimated present value of future payments to existing Schedule 1 claimants	3,310,000	2,610,000
	3,349,029	2,656,749
UNFUNDED LIABILITY	(1,428,113)	(816,140)
	1,920,916	1,840,609

See accompanying notes to the financial statements.

Approved by the Board:

Chairman

Vice-Chairman of Administration
and General Manager

To the Workers' Compensation Board and
to the Minister of Labour.

I have examined the balance sheets – Schedule 1 Accident Fund and Schedule 2 of the Workers' Compensation Board (formerly Workmen's Compensation Board) as at December 31, 1982 and the statements of income, expenses and unfunded liability – Schedule 1 Accident Fund and of changes in net deposits – Schedule 2 for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1982 and the results of its operations for the year then ended in accordance with the accounting principles set out in the notes to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
April 29, 1983.

WORKERS' COMPENSATION BOARD

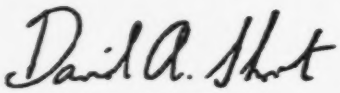
Consulting Actuary's Report on the Valuation of the Actuarial Liabilities of the Schedule 1 Accident Fund of the Workers' Compensation Board of Ontario as at December 31, 1982

The estimated present value of future compensation, pension payments and medical aid under Schedule 1 on account of accidents that occurred on or before December 31, 1982 in the amount of $3.31 billion has been determined by the Board's Staff Actuary, after consultation with us. We believe that the assumptions made in this valuation are appropriate and that the methods employed are in accordance with sound actuarial principles. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for the purposes of the valuation and consistent with the Board's financial statements.

As in previous valuations, no explicit provision has been made for potential future legislated amendments to the Workers' Compensation Act, such as a continuation of the series of amendments which have been made periodically in recent years to increase the covered earnings ceiling and the level of pensions in response to inflation. However, as in the previous valuation as of December 31, 1981, we made some provision for such future amendments by using an assumed interest rate lower than the rate which would have been used based solely on the yields on the Board's current and future investments. We estimate that this partial provision amounts to $300 million which is included in the present value of $3.31 billion referred to above. The methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns and economic factors.

In our opinion, which includes the foregoing comments, the amount of $3.31 billion as at December 31, 1982 makes reasonable provision for future compensation, pension payments and medical aid under Schedule 1 on account of accidents that occurred on or before December 31, 1982.

Samuel Eckler, F.S.A., F.C.I.A.



David A. Short, F.S.A., F.C.I.A.

April 29, 1983.

Actuaries with the firm of Eckler, Brown, Segal & Company Ltd.

WORKERS' COMPENSATION BOARD

Statement of Income, Expenses and Unfunded Liability
Schedule 1 Accident Fund
year ended December 31, 1982

	1982 $000's	1981 $000's
INCOME		
Assessments and penalties (net of uncollectible assessments 1982 – $20,593; 1981 – $8,593)	696,604	601,470
Investment income (Note 8)	170,057	165,935
	866,661	767,405
EXPENSES		
Benefits (Note 9)	651,469	556,565
Provision for increase in estimated present value of future payments to existing claimants		
Current	365,000	160,000
Legislative amendments (Note 10)	335,000	360,000
Accident prevention – Page 161	26,244	21,470
Administration – Page 162	77,042	67,051
Medical and rehabilitation services	17,862	14,687
Mine rescue	857	799
Occupational health and safety	5,160	4,700
	1,478,634	1,185,272
EXCESS OF EXPENSES OVER INCOME	(611,973)	(417,867)
UNFUNDED LIABILITY, BEGINNING OF YEAR	(816,140)	(398,273)
UNFUNDED LIABILITY, END OF YEAR	(1,428,113)	(816,140)

See accompanying notes to the financial statements.

WORKERS' COMPENSATION BOARD

(formerly Workmen's Compensation Board – Note 13)

Balance Sheet
Schedule 2
December 31, 1982

	1982 $000's	1981 $000's
ASSETS		
Cash	1,615	1,985
Investments	7,474	5,496
Administration expenses recoverable (Note 7)	8,458	7,116
Interest and other receivables	138	133
	17,685	14,730
LIABILITIES		
Due to Schedule 1	7,760	7,018
Net Deposits	9,925	7,712
	17,685	14,730

See accompanying notes to the financial statements.

Approved by the Board:

Chairman

Vice-Chairman of Administration
and General Manager

WORKERS' COMPENSATION BOARD

Statement of Changes in Net Deposits
Schedule 2
year ended December 31, 1982

	1982 $000's	1981 $000's
INCREASE IN DEPOSITS		
Reimbursements from employers		
Benefits	56,934	48,496
Administration costs	10,160	7,939
Investment income	904	933
	67,998	57,368
DECREASE IN DEPOSITS		
Benefits to workers		
Compensation	23,204	18,412
Medical aid	9,837	9,189
Rehabilitation	557	524
Pensions	22,027	20,452
Administration costs	10,160	7,939
	65,785	56,516
INCREASE IN NET DEPOSITS	2,213	852
NET DEPOSITS BEGINNING OF YEAR	7,712	6,860
NET DEPOSITS END OF YEAR	9,925	7,712

See accompanying notes to the financial statements.

Notes to the Financial Statements
December 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared using the accrual method of accounting, except for Schedule 2 benefit payments and their related reimbursements which are accounted for on the cash basis.

Investments

Investments are carried at amortized cost for bonds and amortized cost less principal repayments for mortgages. The difference between the proceeds on the sale of a bond or mortgage and its book value is considered to be an adjustment of future portfolio yield deferred on the balance sheet and amortized over the lesser of the period to maturity of the security sold or 20 years. Short-term investments are carried at cost.

Market values of investments are not disclosed as the Board's policy is generally to hold them to maturity.

Land, buildings and equipment

Land, buildings and equipment are stated at cost. Buildings and equipment are depreciated on the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives.

Equipment purchases with a unit cost of $1,000 or less and leasehold improvements with a unit cost of $5,000 or less are expensed.

Assessment income

Assessment income is determined on the basis of provisional payrolls reported by employers. At year end, an accrual is calculated to give effect to the additional assessment revenue anticipated as a result of the actual payrolls being greater than provisional.

Estimated present value of future payments to existing Schedule 1 claimants

The estimated present value of future payments to existing Schedule 1 claimants is determined annually on an actuarial basis and is reviewed by independent consulting actuaries.

WORKERS' COMPENSATION BOARD

2. SCHEDULE 1 AND SCHEDULE 2

Schedule 1 relates to industries where the employers are liable to contribute to the accident fund and Schedule 2 relates to industries where the employers are individually liable to pay compensation, medical aid, rehabilitation costs and pensions.

3. INVESTMENTS

	1982 $000's	1981 $000's
Bonds	1,018,111	1,053,271
Mortgages	415,871	388,084
	1,433,982	1,441,355
Unamortized portion of realized losses, net of gains, on sale of investments	22,301	18,708
	1,456,283	1,460,063
Short term	169,002	109,232
	1,625,285	1,569,295

4. OTHER ASSETS

	1982 $000's	1981 $000's
Accrued investment income	30,949	29,098
Accrued assessment income	20,000	40,000
Assessment and other receivables	207,760	172,551
Prepaid administration expenses	–	7
Due from Schedule 2	7,760	7,018
	266,469	248,674

5. LAND, BUILDINGS AND EQUIPMENT

	$000's			
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Depreciation and Amortization Rates
Land	6,754	–	6,754	–
Buildings	10,472	4,641	5,831	2½%
Leasehold improvements	2,357	1,167	1,190	10%
Equipment	15,481	11,099	4,382	20%
Motor vehicles	1,639	702	937	25%
	36,703	17,609	19,094	

6. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	1982 $000's	1981 $000's
Accounts payable and accrued charges	22,523	30,221
Cheques issued and not yet cashed	16,506	16,528
	39,029	46,749

7. ADMINISTRATION EXPENSES RECOVERABLE

The Board administers the payment of worker benefits on behalf of Schedule 2 employers, for which it allocates a charge to Schedule 2 employers based on the total administration costs less certain costs not appropriate to Schedule 2.

8. INVESTMENT INCOME

	1982 $000's	1981 $000's
Investment income	176,513	170,160
Less: Amortization of losses, net of gains, on sale of investments	(6,034)	(3,807)
Investment administration expenses	(422)	(418)
	170,057	165,935

WORKERS' COMPENSATION BOARD

Notes to the Financial Statements – Continued
year ended December 31, 1982

9. BENEFIT EXPENSES

	1982 $000's	1981 $000's
Compensation	356,464	289,123
Medical aid	90,005	86,060
Rehabilitation	16,750	13,341
Pensions	189,509	169,793
	652,728	558,317
Less recovered from third parties	1,259	1,752
	651,469	556,565

10. LEGISLATIVE AMENDMENTS

The Workers' Compensation Act was amended during the year by consent of the Legislative Assembly of the Province of Ontario. The effect of the amendments was to increase the amount of certain benefit payments made to claimants with the application of these increased payments having an effective date of July 1, 1982.

The effect of the legislative amendments was to increase the estimated present value of future payments to existing Schedule 1 claimants by $335 million.

11. LEASE COMMITMENTS

The Board rents office space under operating lease arrangements with terms of various expiry dates. The aggregate minimum annual rental under these arrangements for the next five years is as follows:

	$000's
1983	$3,857
1984	$3,710
1985	$3,103
1986	$2,778
1987	$2,587

12. SUPERANNUATION FUND

The Board has a benefit based premium plan, the Superannuation Fund, for its employees and employees of the provincial safety associations. The accounts of the Fund are included in separate financial statements.

13. CHANGE OF NAME

During the year, by an Act of the Legislative Assembly of the Province of Ontario, the name of the Workmen's Compensation Board was changed to the Workers' Compensation Board.

WORKERS' COMPENSATION BOARD

Schedule 1 Accident Fund
Accident Prevention Expenses by Category and Safety Association
year ended December 31, 1982

	1982 $000's	1981 $000's
BY CATEGORY		
Salaries and employees' benefits	14,156	11,739
Travel and vehicle maintenance	2,349	1,970
Supplies and services	529	492
Equipment rental and maintenance	425	155
Depreciation of equipment	284	138
Occupancy costs	1,167	916
Security services and insurance	50	47
Communications and publications	6,300	4,693
Miscellaneous	984	1,320
	26,244	21,470
BY SAFETY ASSOCIATION		
Construction Safety Association of Ontario	7,692	6,442
Electrical Utilities Safety Association of Ontario	1,210	1,002
Forest Products Accident Prevention Association	1,106	953
Farm Safety Association, Inc.	612	534
Hospital Accident Prevention Association	1,077	793
Industrial Accident Prevention Association	11,480	9,505
Mines Accident Prevention Association of Ontario	1,617	1,000
Ontario Pulp & Paper Makers Safety Association	477	387
Transportation Safety Association of Ontario	973	854
	26,244	21,470

WORKERS' COMPENSATION BOARD

Schedule 1 Accident Fund
Administration Expenses
year ended December 31, 1982

	1982 $000's	1981 $000's
Salaries and employe benefits	78,438	67,171
Travel and vehicle m ntenance	2,513	2,148
Supplies and service	2,138	2,370
Equipment rentals a maintenance	4,761	5,391
Depreciation of equi ent	1,565	1,328
Occupancy costs – n	4,399	3,220
Security services and surance	683	420
Data processing cost	576	452
Communications and ublications	6,725	4,549
Chest examining staf costs	581	710
Credit reports and le expenses	502	381
Professional fees and rvices	788	500
Other	1,917	1,555
	105,586	90,195
Less administration penses charged to:		
Investment come	422	418
Hospital an ehabilitation centre	100	100
Medical an ehabilitation services	17,862	14,687
Schedule 2	10,160	7,939
	28,544	23,144
Net charge to statem t of income, expenses and unfunded liability Schedu Accident Fund	77,042	67,051